

**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2019-290-WS**

**In the Matter of:**

**Application of Blue Granite Water  
Company for Approval to Adjust  
Rate Schedules and Increase Rates**

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**)  
)  
) DIRECT TESTIMONY OF  
) DANTE DESTEFANO FOR  
) BLUE GRANITE WATER COMPANY  
)**

1     **I. INTRODUCTION**

2     **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.?**

3     A. My name is Dante M. DeStefano, and my business address is 4944 Parkway Plaza  
4       Boulevard, Suite 375, Charlotte, North Carolina 28217.

5     **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6     A. I am employed as the Director of Financial Planning and Analysis for Blue Granite Water  
7       Company (“Blue Granite” or “BGWC” or “Company”).

8     **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

9     A. I have been employed by the Company since October 2018. I graduated from Rutgers  
10       University with a Major in Accounting and am a Certified Public Accountant in the State  
11       of New Jersey. Prior to joining the Company, I was employed by American Water Works  
12       for 10 years - first as a Senior Accountant in the Accounting Department for two years,  
13       then in the Rates and Regulatory Department for eight years. During my last eight years  
14       with American Water, my duties consisted of preparing and assisting in regulatory filings  
15       and related activities for the Eastern Division. My responsibilities included preparing work  
16       papers and exhibits, providing testimony in support of rate applications and other  
17       regulatory filings, and addressing rate and tariff related matters. I also assisted with  
18       preparation of multi-year budgets and other budget modeling responsibilities.

19    **Q. WHAT ARE YOUR DUTIES WITH BLUE GRANITE WATER COMPANY?**

20    A. My primary responsibilities include forecasting, budgeting, and financial analysis for the  
21       Company. I am also responsible for the oversight of gathering data and preparation of rate  
22       cases, filing applications for rate cases, and providing data request responses for support  
23       of rate case filings.

1     **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2     A.     The purpose of my testimony is to sponsor, support, and explain Blue Granite's Application  
3           for an adjustment of rates and charges for the provision of water and sewer services. My  
4           testimony will: (1) summarize the Company's requested rate and tariff relief, including  
5           the request for approval of updated depreciation rates; (2) present the Company's revenues  
6           at existing rates and revenues at proposed rates; (3) explain the Company's proposal for a  
7           one-time credit to customers for tax savings resulting from the Tax Cut and Jobs Act  
8           ("TCJA"); (4) explain the Company's proposed deferral balances and related  
9           amortizations; (5) identify and explain the pro forma adjustments that have been made to  
10          reflect known and measurable changes to the Test Year results; (6) summarize the  
11          Company's requests for continuing and new authorizations to defer costs; (7) describe the  
12          Company's proposed tariff modification regarding the tax gross up for contributed  
13          property; (8) describe the Company's presentation of the Corix Infrastructure, Inc. ("CII")  
14          parent company cost allocations (9) describe the Company's presentation of its recent York  
15          County franchise agreement and Midlands area contract operator agreement; (10) explain  
16          the Company's proposal for a Storm Reserve Fund; (11) explain the Company's proposal  
17          for a voluntary customer "Round Up" program; and (12) explain the Company's proposal  
18          for a purchased water and purchased wastewater services rate adjustment mechanism, as  
19          well as explain the Company's proposal for recovery of deferred purchased water and  
20          wastewater services costs.

21     **Q.     ARE YOU SPONSORING ANY EXHIBITS?**

22     A.     Yes, I am sponsoring the Application filed in this proceeding, as DeStefano Direct Exhibit  
23          No. 1, which includes the Application's supporting Exhibits A through H and Schedules A

1 through G within Exhibit B, as detailed later in my testimony. I am also sponsoring  
2 DeStefano Direct Exhibit No. 2, which is discussed more below.

3 **Q. WHAT RATEMAKING METHODOLOGY DOES THE COMPANY PROPOSE**  
4 **THAT THE COMMISSION EMPLOY IN THIS RATE CASE?**

5 A. The Company proposes that its rates continue to be determined utilizing the rate of return  
6 on rate base methodology. The Company has then selected a Test Year ending June 30,  
7 2019 for purposes of determining a reasonable cost of service in this proceeding.

8 **Q. WHY IS BLUE GRANITE REQUESTING RATE RELIEF AT THIS TIME?**

9 A. With the plant investments the Company has made to maintain and improve its service to  
10 customers, and the increased operating expenses we have experienced since August of  
11 2017, the end of the Test Year in the Company's last rate case, we are unable to earn our  
12 authorized rate of return and therefore are requesting rate relief. More specifically, we have  
13 made capital investments of over \$23 million since the last rate case, including several  
14 interconnection projects and numerous wastewater collection system improvement  
15 projects, to serve our customers. In addition, our operation and maintenance expenses have  
16 increased by approximately \$7.5 million since the last rate case, primarily driven by  
17 increases in rates from third-party providers for purchased water and wastewater treatment  
18 services, property tax expenses due to the aforementioned capital investment, and updates  
19 in depreciation rates. Rate relief is needed to enable the Company to provide safe, reliable,  
20 and compliant water and wastewater service to our South Carolina customers, and to attract  
21 capital for future needed investments in our service territories.

22 **Q. PLEASE DESCRIBE THE COMPANY'S APPLICATION FILED IN THIS**  
23 **PROCEEDING.**



1 A. The Application filed in this proceeding is based upon a test period, or Test Year, consisting  
2 of the 12 months ended June 30, 2019. The Application itself provides an overview of the  
3 requested rate relief and includes financial statements and other pertinent information. The  
4 Exhibits and Schedules to the Application are as follows:

- 5 • Exhibit A (as amended on October 16, 2019) – Proposed Tariff, including the  
6 Company’s proposed purchased water and purchased wastewater services pass-  
7 through rate adjustment mechanisms.
- 8 • Exhibit B, Schedule A -- Balance Sheet as of June 30, 2019
- 9 • Exhibit B, Schedule B -- Current and Pro Forma Income and Expense Statements  
10 as of June 30, 2019
- 11 • Exhibit B, Schedule C -- Rate Base, Rate of Return Information and Statement of  
12 Total Plant Investment as of June 30, 2019
- 13 • Exhibit B, Schedule D -- Water and Sewer Consumption Analyses for the 12  
14 months ended June 30, 2019
- 15 • Exhibit B, Schedule E -- Water and Sewer Proposed Revenues
- 16 • Exhibit B, Schedule F -- Current and Projected Customers at December 31, 2019
- 17 • Exhibit B, Schedule G -- Effect of Proposed Rates
- 18 • Exhibit C -- most recent approval letter from the South Carolina Department of  
19 Health and Environmental Control (“DHEC”)
- 20 • Exhibit D – sample customer bill form
- 21 • Exhibit E – most recent Gross Receipts Tax Filing

- Exhibit F – includes the Company’s proposed Storm Reserve Fund charge calculation; and the Company’s proposed Tax Cut and Jobs Act (“TCJA”) one-time credit refund calculation for each water and wastewater customer
- Exhibit G – current and proposed depreciation and amortization rates

## II. PROPOSED RATES AND TARIFFS

### Q. PLEASE DESCRIBE THE COMPANY’S NET OPERATING INCOME AND RETURN ON RATE BASE AT PRESENT RATES.

A. The Company’s net operating income and return on rate base at existing rates, for the 12 months ended June 30, 2019, on an unadjusted and adjusted basis are provided in Schedule C and in Table 1 below. While the Company’s authorized rate of return is 8.62%,<sup>1</sup> it is currently earning only 0.10% on an unadjusted basis and is actually earning **negative 3%** on an adjusted basis.

**Table 1**

	<i>Per Books</i>	<i>As Adjusted</i>
<i>Net Operating Income</i>	<b>\$65,859</b>	<b>\$(2,281,742)</b>
<i>Gross Plant in Service</i>	\$103,656,697	\$106,257,647
<i>Accumulated Depreciation</i>	\$(16,190,845)	\$(12,489,140)
<i>Net Plant in Service</i>	\$87,465,852	\$93,768,508
<i>Deferred Charges</i>		\$4,944,662
<i>Cash Working Capital</i>	\$1,680,230	\$1,473,643
<i>Contributions in Aid of Construction</i>	\$(20,300,002)	\$(19,231,836)
<i>Accumulated Deferred Income Taxes</i>	\$(3,522,917)	\$(3,522,917)
<i>Customer Deposits</i>	\$(334,350)	\$(334,350)
<i>Plant Held for Future Use</i>		\$350,000
<i>Plant Acquisition Adjustment</i>	\$(831,278)	\$(831,278)
<i>Excess Book Value</i>		\$(435,585)
<i>Total Rate Base</i>	<b>\$64,157,535</b>	<b>\$76,180,847</b>
<i>Return on Rate Base</i>	<b>0.10%</b>	<b>-3.00%</b>

<sup>1</sup> Order No. 2018-802 at 35, Docket No. 2017-292-WS (Jan. 25, 2019). The Company’s authorized Operating Margin is 13.28% and authorized ROE is 10.50%. *Id.*

**Q. HOW WERE THE COMPANY'S REVENUE REQUIREMENTS DEVELOPED FOR THIS RATE APPLICATION?**

A. The development of the revenue requirements begins with the Company's Test Year actual results, based upon the Company's accounting books and records. These results are summarized in the Company's balance sheet, income statement, capital structure balances, and other detail needed to develop rate base as of June 30, 2019, as well as revenues and expenses for the 12 months ended June 30, 2019.

The next step in the process is the development of the Company's proposed pro forma adjustments to the test period results. Pro forma adjustments were made to reflect known and measurable changes to Test Year results, and are necessary to reflect current conditions and to develop a reasonable level of ongoing revenues and operating expenses and to determine the appropriate rate base.

Comparing the resulting adjusted earned rate of return to authorized under existing rates indicates that the Company requires rate relief in order to cover its ongoing expenses and earn a reasonable return on its investment.

**Q. WHAT IS THE COMPANY'S PROPOSED CAPITAL STRUCTURE IN THIS RATE CASE?**

A. As discussed in Mr. D'Ascendis's testimony, the Company is proposing an equity ratio of 52.91% and a debt ratio of 47.09%. The proposed cost of long-term debt is 5.73%. These ratios and costs rate are consistent with the actual capital structure values of the Company's parent, Corix Regulated Utilities, Inc. ("CRU"), as of the end of the Test Year, June 30, 2019. When including the proposed cost of equity rate of 10.70% per Company expert witness Dylan D'Ascendis, the resulting proposed overall rate of return is 8.36%.

1 **Q. WHAT IS THE RESULTING PROPOSED REVENUE REQUEST FOR THE**  
2 **COMPANY'S WATER AND WASTEWATER DIVISIONS?**

3 A. The Company is proposing a pro-forma revenue requirement of \$35,188,858, comprised  
4 of: \$10,414,240 for Water Service Territory 1, of which \$3,728,417 is to recover purchased  
5 water costs; \$7,501,040 for Service Territory 2, of which \$937,292 is to recover purchased  
6 water costs; and \$17,273,577 for the Consolidated Sewer Territories ("Consolidated  
7 Sewer"), of which \$4,322,455 is to recover purchased sewer treatment costs. These  
8 revenue requirements are the result of the following proposed increases over pro forma  
9 present rate revenues: \$3,600,828 for Water Service Territory 1, \$1,909,194 for Water  
10 Service Area 2, and \$6,079,515 for Consolidated Sewer. In total, over 40% of the overall  
11 requested increase is due to third-party purchased water and sewer treatment cost changes.

12 **Q. WHY IS THE COMPANY PROPOSING NEW DEPRECIATION RATES IN THIS**  
13 **PROCEEDING?**

14 A. Blue Granite has not prepared a depreciation study, nor has it updated its depreciation rates,  
15 for more than three decades. Further, it is my understanding that the Company's current  
16 depreciation rates were the result of a stipulation or order, not based on an actual  
17 depreciation study, and were determined approximately 35 years ago. As a result, the  
18 current depreciation rates are outdated, and are premised upon unrealistically long  
19 depreciable lives for facilities and equipment. The current rates also reflect a similar useful  
20 life across virtually all asset classes, which is not realistic when considering the significant  
21 recent and anticipated asset replacements implemented by the Company and the nature and  
22 variety of infrastructure and equipment employed. For these reasons, we engaged John  
23 Spanos of Gannett Fleming to prepare a depreciation study and recommend updated

1 depreciation rates that better reflect the reasonable life cycle of the Company's assets and  
2 better align cost recovery for the assets providing service to the customers receiving the  
3 benefits of such infrastructure. In addition, Mr. Spanos has proposed a cost of removal  
4 component to various depreciation rates to accommodate decommissioning and other  
5 removal costs related to asset retirements. Implementation of cost of removal rates will  
6 mitigate the need to request deferral of such incurred costs in future proceedings, as well  
7 as better reflect appropriate regulatory cost matching principles, pairing cost recovery with  
8 the customers who benefit from the asset during its useful life.

9 **Q. PLEASE IDENTIFY THE REGULATORY ASSET AND LIABILITY**  
10 **AMORTIZATIONS THAT ARE REFLECTED IN THE PROPOSED RATE**  
11 **INCREASE.**

12 A. Pursuant to the Commission's Order No. 2015-876 in Docket No. 2015-199-WS, Blue  
13 Granite has been deferring its purchased water and wastewater treatment costs resulting  
14 from rate increases implemented by its third-party providers. Included in our Application  
15 is a request to recover these deferred costs of \$2,803,968 over a three-year period. The  
16 Company's deferral is based on actual deferrals through June 30, 2019, and estimated  
17 deferrals through December 31, 2019, and includes the unamortized balance authorized for  
18 recovery in Docket No. 2017-292-WS ("2017 Rate Case").

19 Pursuant to Commission Order No. 2018-182, the Company has been deferring  
20 litigation expenses related to two cases before the Administrative Law Court – the DHEC  
21 Permit Denial case and the I-20 Interconnection case. We are requesting recovery of the  
22 related deferred costs of \$216,773 and \$65,948, respectively, in this case, over a five-year

1 period. The Company has confirmed that these proceedings have concluded as of the time  
2 of this testimony, and the above balances are the updated, final costs incurred.

3 In addition, pursuant to the Commission's Order No. 2018-308, Blue Granite has  
4 deferred the revenue impact of the difference between a 35% federal income tax rate and  
5 the 21% federal income tax rate per the TCJA, for the period of January 1, 2018 through  
6 the date of the 2017 Rate Case's change in customer rates of June 29, 2018. We are  
7 proposing to refund this deferred liability \$335,713 to active customers at the time of the  
8 Order issued in this case, through a one-time credit of \$10.64 to each customer water and  
9 wastewater service account – that is, a customer served both water and sewer would receive  
10 a one-time credit of \$21.28.

11 The Company has included in its revenue requirement the removal costs to  
12 decommission the Stonegate water treatment plant ("WTP") and net book value of the  
13 related assets for a combined deferral of \$756,503, to be amortized over a 19.82 year  
14 period, which reflects the weighted average of the remaining lives of the applicable assets.  
15 The Company has included in its revenue requirement the removal costs to decommission  
16 the Friarsgate wastewater treatment plant ("WWTP") and net book value of the related  
17 assets for a combined deferral of \$7,006,490, to be amortized over a 19.72 year period,  
18 similarly reflecting the weighted average of the remaining lives of the applicable assets.  
19 The amortization periods are derived based on the weighted average of the remaining lives  
20 of the WTP and WWTP assets removed from service. These dollar amounts reflect updates  
21 to actual costs incurred for the decommissioning projects as of the time of this testimony.

22 The Company has also updated its Excess Deferred Income Tax ("EDIT") balances  
23 – generated from the remeasurement of Accumulated Deferred Income Taxes ("ADIT")

1 based on the TCJA's change in federal income tax rate from 35% to 21% - due to the filing  
2 of its final 2017 federal tax return after the inclusion of the EDIT reserve and amortization  
3 in its 2017 Rate Case. The updated EDIT reserve balance for protected assets is \$2,742,706  
4 and for unprotected assets is \$111,437 as of December 31, 2019.

5 **Q. WHAT ARE THE KNOWN AND MEASURABLE PRO FORMA ADJUSTMENTS**  
6 **MADE TO THE CONSOLIDATED INCOME STATEMENT (SCHEDULE B)?**

7 A. The following adjustments have been made to the Income Statement:

- 8 • Revenues have been annualized to reflect year-end customers at current rates. This is  
9 necessary as the Test Year includes billing at prior approved rates and contains  
10 fluctuations in active customers.
- 11 • Uncollectibles have been adjusted at Test Year percentages for annualized revenues to  
12 appropriately consider the expense impact of related revenue adjustments.
- 13 • Salaries, wages and benefits have been adjusted for annualization for employees  
14 working at or for the Company, at the time of the case preparation. In addition,  
15 capitalized time has been adjusted to reflect the Test Year capitalized time percentage  
16 for the pro forma employee headcount. Updates for employee headcount changes have  
17 been provided during the rate proceeding.
- 18 • Regulatory expense has been adjusted for the total estimated cost of the filing of this  
19 case and the unamortized portion of the prior case and rehearing process, amortized  
20 over 3 years. Additionally, costs related to an annual filing of the proposed purchased  
21 services pass-through mechanism were included.
- 22 • Depreciation of Utility Plant In-Service ("UPIS") and amortization of Contributions In  
23 Aid of Construction ("CIAC") were annualized using the pro forma

1 depreciation/amortization rates for this filing as supported by the depreciation study of  
2 Witness Spanos, and applied to the pro forma plant and CIAC balances.

- 3 • Taxes other than income taxes were adjusted to annualize gross receipts, utility or  
4 commission fees, and franchise taxes at present and proposed revenues. Taxes other  
5 than income taxes also includes payroll taxes adjusted for the annualization of pro  
6 forma salaries, and property tax adjustments related to pro forma plant balances, which  
7 incorporates pro-forma plant addition activity.
- 8 • Income taxes are computed on taxable income at current rates.
- 9 • Allowance for Funds Used During Construction (“AFUDC”) has been eliminated for  
10 ratemaking purposes.
- 11 • Interest on debt has been computed by the interest synchronization method, using  
12 proposed balances for the following formula - debt ratio \* cost of debt \* rate base.
- 13 • Excluded items from the Test Year activity have been removed. These include  
14 penalties, fines, contributions, lobbying, and one-time write offs and other costs  
15 incurred in the Test Year not anticipated to occur on a going basis.
- 16 • Revenues were increased to reflect the Blue Granite’s requested incremental revenue  
17 adjustment as requested in this proceeding, which allows recovery of its costs to  
18 provide service.
- 19 • Uncollectibles were proportionally adjusted at Test Year percentages for the requested  
20 incremental revenue adjustment.
- 21 • Deferred maintenance expense was adjusted to reflect amortization of systemwide  
22 hydrotank inspections which occurred after Test Year end, and remove Test Year  
23 activity for items now fully amortized.



- 1       • The Test Year balances for various expense accounts were adjusted to reflect  
2       Clearwater Solutions contract operator cost impacts for the Midlands service area.
- 3       • The sale of utility property and non-utility activity has been removed for ratemaking  
4       purposes.
- 5       • Purchased water and sewer treatment expense has been adjusted to reflect pro forma  
6       expense levels, based on anticipated flow activity and the annualization of the most  
7       current third-party vendor rates and charges. The amortization of estimated  
8       accumulated deferrals has been included in the Purchased Services expense line item  
9       to facilitate determination of the applicable proposed Purchased Water and Purchased  
10      Sewer Treatment volumetric tariff rates.
- 11      • Customer deposit interest expense has been included as a miscellaneous expense in the  
12      revenue requirement. As customer deposit funds received by the Company are  
13      normally treated as a rate base deduction despite generating interest at a Commission-  
14      authorized rate, the Company included interest on the deposits to avoid double-  
15      charging the Company for the accrued interest.
- 16      • Rent expense was adjusted to reflect pro forma annualized effective leases.
- 17      • Insurance expense was adjusted based on estimated policy premiums and deductible  
18      costs as of the time of filing. The Company has since provided updates for the policy  
19      premiums determined upon renewal.
- 20      • Adjustments were made to reflect the amortization of the deferrals for litigation costs,  
21      decommissioning costs, and the net book value of decommissioned assets.
- 22      • Corporate cost allocations from CII were adjusted from the Test Year to reflect  
23      annualization of actual expenses for the most recent period.

- Other expense adjustments were made for activity not reflected in the Test Year, including: Removing meter reading costs for the Lake Wylie subdivision due to implementation of AMI; Data support costs for installing Lake Wylie AMI meters; Costs related to customer communication and education on the proposed “Round Up” program; Costs related to customer noticing for the proposed annual pass-through mechanism; Franchise and Capital Recovery Fees incurred due to the York County franchise agreement.

**Q. WHAT PRO FORMA ADJUSTMENTS HAVE BEEN MADE TO THE RATE BASE STATEMENT (SCHEDULE C)?**

A. The following pro forma adjustments have been made to rate base:

- UPIS, amortizations and deferrals, and CIAC were adjusted to reflect post-Test Year additions (major projects and smaller, recurring addition items), and removal of decommissioned and non-utility assets.
- Adjustments were made to reflect deferred charges -- unamortized deferred balances for deferred maintenance, removal costs on decommissioned assets, net book value on decommissioned assets, and TCJA EDIT reserves, as described elsewhere in my testimony.
- An adjustment was made to include cash working capital, calculated based on the 1/8 of maintenance and general expenses methodology.
- An adjustment was made to reflect a post-Test Year land purchase in advance of construction of a 1 million gallon elevated tank in Lake Wylie subdivision. However, this land purchase will not occur during the pendency of this proceeding and the Company proposes to remove this item from the filing.

- 1           • Excess book value has been included for ratemaking purposes consistent with prior  
2           Company proceedings.

3 **Q. IS THE COMPANY REQUESTING ANY NEW OR CONTINUING COST**  
4 **DEFERRALS IN THIS PROCEEDING?**

5 A. Yes. The Company is proposing the following cost deferrals in this proceeding:

- 6           • Authority to defer purchased water and wastewater treatment expense on an interim  
7           basis, until such costs are reflected in rates through the proposed rate adjustment  
8           mechanisms, with subsequent recovery of such deferred amounts via such rate  
9           adjustment mechanisms.
- 10          • Authority to defer capital costs related to required decommissioning of plant assets as  
11          a regulatory asset, to be amortized for rate recovery in the Company's revenue  
12          requirement and included in rate base. Such capital costs consist of costs to remove  
13          decommissioned plant assets, as well as the remaining net book value for such assets  
14          at the time of removal from service.
- 15          • Authority to establish a Storm Reserve Fund to accommodate unexpected increases in  
16          storm costs beyond those included in base rate recovery.
- 17          • Authority to defer implementation costs for the Round Up program related to  
18          modifications of its billing system and MyUtilityConnect customer service application,  
19          for recovery in the Company's next base rate case.

20 **Q. WHY IS DEFERRAL AND CREATION OF A REGULATORY ASSET FOR**  
21 **CAPITAL COSTS RELATED TO REQUIRED DECOMMISSIONING OF PLANT**  
22 **ASSETS NECESSARY AND APPROPRIATE?**

1 A. The Company has incurred costs related to the legally required decommissioning of the  
2 Stonegate WTP and Friarsgate WWTP sites. Due to the Company's low depreciation rates  
3 over the lives of these facilities, there is also a remaining net book value for the assets  
4 removed from service, despite the facilities being at the end of their useful lives. These  
5 costs relate to plant assets that have been in service and providing benefit to customers for  
6 years and are now at the end of their service. Accordingly, full recovery of the costs of  
7 such assets, including costs of removal, is reasonable and appropriate.

8 **Q. PLEASE EXPLAIN THE COMPANY'S CALCULATION OF PRO FORMA**  
9 **ALLOCATED COSTS FROM CORIX INFRASTRUCTURE, INC.**

10 A. During the Test Year, Blue Granite incurred allocated governance and corporate costs for  
11 services performed by CII, as allocated through its affiliate, Water Service Corporation  
12 ("WSC"). The relationship structure between CII, WSC, and Blue Granite and the nature  
13 of the services and their benefits to Blue Granite are laid out in detail in the testimony of  
14 Witness Elicegui.

15 The Company removed the Test Year actual expenses posted and replaced them  
16 with pro forma amounts. In making the pro forma adjustment, the Company started with  
17 direct costs incurred at CII for the six months ended June 30, 2019, as the allocation factors  
18 used by CII are determined and applied on a calendar year basis. These direct costs were  
19 then distributed to CII affiliates - Tribus, Contract Utilities, and WSC support services -  
20 using the Tier 1 allocation methodology as detailed in the CII Cost Allocation Manual  
21 ("CAM"). The Tier 2 allocation method was then applied to the WSC portion of the Tier  
22 1 allocation amount to arrive at the six months-ended allocated amounts for Blue Granite.  
23 The Tier 2 allocation uses an Equivalent Residential Customer ("ERCs") allocator as of

1 the Test Year-end to allocate cost between the CRU operating subsidiaries, which is  
2 consistent with the methodology used in past proceedings and the current filing for costs  
3 allocated to Blue Granite from the WSC shared services support group. Before calculating  
4 the Blue Granite portion of the WSC allocation derived in Tier 1, certain CII costs related  
5 to charitable contributions, business development, and community relations were removed.  
6 The Blue Granite allocated portion calculated in the Tier 2 allocation was then multiplied  
7 by 2 to derive an annualized amount. The annualized amount was then allocated to the  
8 water and sewer Service Territories in this proceeding based upon the Blue Granite Test  
9 Year-end ERC counts.

10 **Q. PLEASE EXPLAIN THE COMPANY'S INCLUSION OF FRANCHISE AND**  
11 **CAPITAL RECOVERY FEES FOR YORK COUNTY.**

12 A. In February 2018, the Company and York County executed a franchise agreement, which  
13 was approved by this Commission on May 2, 2018 per Order No 2018-325. This  
14 agreement replaced the original, expiring franchise agreement effective in 1992. This  
15 agreement delineates the terms and conditions with respect to the lease of certain water and  
16 sewer service facilities in York County that provide Blue Granite the non-exclusive  
17 franchise to operate water and sewer systems in designated areas of the county. As part of  
18 this agreement, York County leases certain assets within Blue Granite's service area  
19 supporting Blue Granite's provision of water and sewer service. The Company is therefore  
20 required to pay an annual Capital Recovery Fee to compensate York County for use of  
21 these assets, as well as a Franchise Fee equal to 2% of the Capital Recovery Fee, which  
22 supports the Company's right to provide service in the designated area and for York  
23 County's maintenance of related rights-of-way and access to the facilities. These annual

1 costs are included in the Company's revenue requirement in the current proceeding as  
2 operating expenses related to the provision of service to its customers.

3 **Q. PLEASE EXPLAIN HOW THE COMPANY REFLECTED THE CLEARWATER**  
4 **SOLUTIONS CONTRACT FOR THE MIDLANDS AREA.**

5 A. The Company entered into a contract operator agreement with ClearWater Solutions  
6 effective September 1, 2019, after the end of the Test Year for this case. As the contract  
7 with ClearWater Solutions covers most operating and maintenance expenses for the  
8 Midlands area previously performed by Company employees and other vendors, the  
9 Company removed such activity from various expense accounts in the Test Year totals and  
10 included the ClearWater Solutions contract costs per the agreement. This results in a net  
11 savings in the revenue requirement within O&M that by reflecting the ongoing expense  
12 levels expected to be incurred.

13 **Q. PLEASE SUMMARIZE THE PROPOSED CHANGES IN THE COMPANY'S**  
14 **WATER SERVICE RATE SCHEDULES AND WASTEWATER SERVICE RATE**  
15 **SCHEDULES.**

16 A. Exhibit A (as amended on October 16, 2019) to the Application contains the Company's  
17 Schedule of Proposed Water Charges and the Company's Schedule of Proposed Sewer  
18 Charges. The proposed water rate structure for Territory 1 and Territory 2 will remain the  
19 same as approved in the prior rate case, without further consolidation of territories at this  
20 time. In Territory 1 and Territory 2, there will remain separate charges for Water Supply  
21 Customers (where water is supplied by wells owned and operated by Blue Granite) and  
22 Water Distribution Only customers (where water is purchased from a governmental body  
23 or agency or other entity for distribution and resale by Blue Granite). The proposed sewer

1 rate structure will remain the same as approved in the prior rate case, as well, maintaining  
2 the consolidation of sewer service areas. The Company also proposes to maintain separate  
3 designations for Sewer Collection and Treatment customers (where collection and  
4 treatment are provided through Company-owned facilities) and Sewer Collection Only  
5 customers (where sewer is collected by the Company and transferred to a governmental  
6 body or agency or other entity for treatment).

7 However, for Water Distribution Only and Sewer Collection Only customers, the  
8 Company has calculated the revenues to be recovered from its pro-forma purchased water  
9 and sewer treatment expenses and generated Purchased Water Supply and Purchased Sewer  
10 Treatment volumetric rate components, respectively. These rate components allow for  
11 straightforward identification by customers of the costs related directly to purchased  
12 services, which are beyond the Company's control and passed through to customers at cost.  
13 As mentioned previously, the Company is proposing new annual rate adjustment  
14 mechanisms to pass through changes in purchased water and wastewater treatment costs.  
15 The new volumetric rate components for Distribution Only and Collection Only customers  
16 will allow for ease in implementing annual rate adjustments through the proposed  
17 mechanisms.

18 Additionally, the Company is proposing new tariff provisions for water and  
19 wastewater service, to incorporate language regarding the gross up of CIAC due to its  
20 taxability pursuant to the TCJA. The proposed tariff language memorializes Blue Granite's  
21 policy for gross up of developer contributed assets (cash and property), and reflects the full  
22 gross up method rate of 33.24% for cash contributions or advances and net present value  
23 method rate of 18.28% for original cost property contributions or advances. Finally, as

discussed in Witness Mendenhall's testimony, the Company is proposing to amend its tariffs and fees with respect to Solids Interceptor tanks. This proposal would change the Pumping Charge from \$150 to the actual cost to access, pump, and service the tanks on a periodic basis and allows the Company to recover its prudently incurred costs in providing this service.

**III. STORM RESERVE FUND**

**Q. DOES THE COMPANY PROPOSE ANY MECHANISMS TO ADDRESS EXTRAORDINARY COSTS INCURRED FROM STORMS?**

A. Yes. The Company requests that the Commission authorize it to establish a Storm Reserve Fund to support recovery from extraordinary damages sustained in severe storms such as Hurricane Florence.

**Q. WHY IS THE COMPANY PROPOSING A STORM RESERVE FUND?**

A. Storms, particularly extreme storms, are having an increasing impact on Blue Granite's customers and the ability of the Company to provide service following a storm event. The Company recognizes that water and wastewater service are essential services that require additional efforts to maintain during and following major storm events. Establishing a dedicated Storm Reserve Fund will facilitate the expeditious repair and recovery of the Company's essential facilities, infrastructure, and services. Further, the implementation of a Storm Reserve Fund will minimize the need for deferred accounting petitions, reducing administrative burden, as well as mitigate the financial impact of such extraordinary costs that are otherwise unable to be considered in the setting of revenue requirement.

The use of a Storm Reserve Fund will allow the Company to recover the true costs of storm damage recovery without the need to use other funds already allocated to other



1 necessary activities. Absent filing for deferred accounting treatment, the Company has no  
2 available recourse to recover costs related to major storm events. Our proposal for a Storm  
3 Reserve Fund recognizes that the cost to restore service following a storm is a reasonable  
4 and necessary cost of providing service and, because this can be volatile, the proposed  
5 Reserve Fund provides a means to reflect in the price for water and wastewater service the  
6 cost of storm damage recovery. Further, storm damage recovery is a vital utility activity,  
7 involving around-the-clock restoration efforts. Our proposed Storm Reserve Fund  
8 mitigates the potential for a catastrophic storm to erode the Company's earnings and impair  
9 the Company's financial ability; impacts that adversely affect customers because they lead  
10 to increasing capital costs and diminish resources for other needs.

11 **Q. PLEASE DESCRIBE THE COMPANY'S STORM RESERVE FUND PROPOSAL.**

12 A. The Company proposes to create a monthly, flat surcharge for each active customer water  
13 and sewer service account, billed until the reserve threshold of \$200,000 is reached. When  
14 the reserve threshold is reached, the Company will suspend the surcharge beginning the  
15 following billing month. As costs are incurred and reserve funds are applied, the Company  
16 would then re-initiate the surcharge to replenish the reserve.

17 Under Blue Granite's proposal, the Company will track the balance of the storm  
18 recovery costs, calculating any over-recovery or under-recovery by comparing the level of  
19 storm damage expenses to the level of recovery in base rates. If the incurred expense is less  
20 than the amount reflected in the revenue requirement, the Company will defer the over-  
21 recovery to the Storm Reserve Fund regulatory liability; if the incurred expense exceeds  
22 the amount included in the revenue requirement, the Company will draw from the Storm  
23 Reserve Fund regulatory liability to offset the excess expenses. The cumulative net

1 regulatory liability balance would be maintained at the \$200,000 threshold, and the  
2 inclusion of over-recoveries that occur would mitigate the need for customer charges to  
3 replenish the fund. To accomplish this regulatory liability accounting, the Commission's  
4 Order should provide for prospective rate adjustments related to the reserve fund, either  
5 upward or downward, to recover from customers or return to customers the variance from  
6 the \$200,000 threshold in the regulatory liability balance.

7 In the current proceeding, the Company is proposing a base rate recovery of  
8 \$51,802. The Company proposes a reserve of \$200,000 to accommodate storms that  
9 generate more O&M costs than the recent Hurricane Florence event – a Category 1 storm  
10 largely based upon wind intensity, but with heavy rainfall.

11 The Company has calculated a proposed monthly surcharge of \$0.53 per customer  
12 service provided (water and/or sewer), based on the reserve threshold of \$200,000 divided  
13 by approximately 378,611 monthly water and sewer bills.

14 **Q. WOULD THE STORM RESERVE FUND CHARGE APPLY TO BOTH WATER**  
15 **AND WASTEWATER SERVICES?**

16 A. Yes, the \$0.53 charge would apply to both water and wastewater services. For that reason,  
17 if a customer receives both water and wastewater services from the Company, it would be  
18 assessed two charges of \$0.53, for a total of \$1.06.

19 **Q. WHAT IS THE BASIS FOR THE \$200,000 FUND LEVEL?**

20 A. The \$200,000 funding level was chosen based on the approximate level of storm recovery  
21 costs incurred by the Company in the wake of Hurricane Florence and Hurricane Michael  
22 in September/October 2018. The amount deferred as related to those storm events was  
23 \$208,713.

1 **Q. HOW WOULD ORS MONITOR THE COMPANY'S ACCOUNTING OF THE**  
2 **STORM RESERVE FUND?**

3 A. The Company will maintain a ledger detail file which will support the postings of billing  
4 activity as well as offsetting expense activity, resulting in the net reserve balance. The  
5 Company will also maintain the activity posted as Storm Expenses, which reflects the base  
6 rate recovery of storm costs. A billing detail report can be provided to support the GL  
7 postings of billing activity. This activity will be available upon request, and will be utilized  
8 in future base rate cases for consideration of a reasonable base rate recovery level of storm  
9 costs and potential resetting of the Fund threshold and monthly charge.

10 **Q. WHAT TYPES OF EXPENSES WOULD BE ELIGIBLE TO BE FUNDED BY THE**  
11 **STORM RESERVE FUND?**

12 A. The Storm Reserve Fund would be used to fund extraordinary storm restoration costs  
13 beyond those included in the Company's base rates. Such costs would include, by way of  
14 example, generator services necessary to maintain or restore service, damage assessments  
15 and inspections, site preparations, and facilities repairs.

16 **IV. VOLUNTARY ROUND UP PROGRAM**

17 **Q. PLEASE DESCRIBE THE COMPANY'S PROPOSAL TO INSTITUTE A**  
18 **VOLUNTARY "ROUND UP" PROGRAM.**

19 A. The Company seeks Commission authority to implement a voluntary "Round Up"  
20 program, which would round participating customer bills to the nearest higher dollar, with  
21 the difference being accumulated in a reserve fund for remittance to the South Carolina  
22 Office for Economic Opportunity ("OEO"). The funds would be distributed to Community  
23 Action Agencies in the Company's service territory to assist Blue Granite low income

1 customers with their water and sewer bills. As mentioned above, Blue Granite also seeks  
2 approval to defer implementation costs for the Round Up program related to modifications  
3 of its billing system and MyUtilityConnect customer service application, for recovery in  
4 the Company's next base rate case.

5 **Q. WHAT PLANS ARE IN PLACE WITH THE SOUTH CAROLINA OFFICE FOR**  
6 **ECONOMIC OPPORTUNITY REGARDING IMPLEMENTATION OF THIS**  
7 **ROUND UP PROGRAM, IF APPROVED BY THE COMMISSION?**

8 A. The Company has engaged in discussions with the OEO for several months about the  
9 possibility of implementing the Round Up program. To date, the Company and the OEO  
10 have executed a Memorandum of Understanding relating to the program, pending approval  
11 by the Commission.

12 **Q. WHAT IS THE COMPANY'S TIMELINE FOR IMPLEMENTING THE ROUND**  
13 **UP PROGRAM, IF APPROVED?**

14 A. We anticipate that we would need about 6 weeks from the date of Commission approval to  
15 make the necessary billing system and mobile app modifications, meaning that  
16 implementation of the program could begin by approximately 2 months after the date of  
17 the Order in this proceeding.

18 **Q. HOW WOULD CUSTOMERS ENROLL IN THE PROGRAM?**

19 A. The preferred option will be for customers to "opt in" to the Round Up program through  
20 the MyUtilityConnect mobile app. Alternatively, a customer will be able to call our  
21 Customer Service Center to initiate the program for their account.

1     **V.     PROPOSED PASS-THROUGH MECHANISMS**

2  
3     **Q.     HOW HAVE BLUE GRANITE'S PURCHASED WATER AND WASTEWATER**  
4     **SERVICES EXPENSES HISTORICALLY BEEN REFLECTED IN RATES?**

5     A.     Currently, the Company recovers its purchased water and wastewater services expenses in  
6           base rates. In the most recent rate case, the Commission approved a level of expenses for  
7           purchased water and wastewater services, and rates were designed to recover these costs  
8           without markup. When a third-party provider increases rates charged to the Company, the  
9           Company utilizes a regulatory asset to defer the incremental expense associated with rate  
10          increases. These deferrals are tracked monthly, and the Company can seek recovery of the  
11          balance in the deferral accounts in a future rate proceeding.

12                 Prior to the Company's 2015 rate case, the Company utilized a pass-through  
13                 approach to recover such expenses. The charges imposed by the third-parties providing  
14                 water supply or wastewater services were charged to the Company's respective affected  
15                 customers on a *pro rata* basis without markup. When the Company received notice of an  
16                 increase from a provider, it would show proof to the Commission of the increase and  
17                 provide notice to the customers. After the notice period had passed and Commission  
18                 approval was obtained, the Company would update its rates to pass through the costs of  
19                 purchased services, without markup, to the affected customers.

20     **Q.     WHY DID BLUE GRANITE MOVE AWAY FROM A PASS-THROUGH SYSTEM**  
21     **IN 2015?**

22     A.     We worked collaboratively with ORS to remove the former pass-through system because  
23           it caused a billing lag and caused customers to be billed on rates that varied as frequently  
24           as monthly, which caused confusion for customers. Prior to the change, the Company was

1 issuing 39 different rates each month due to having unconsolidated, subdivision-specific  
2 rates to reflect the various pass-through charges. These issues will not exist with the  
3 arrangement proposed in this Application because the proposed mechanisms will have no  
4 impact on the timing of bills, rates will change under the proposed adjustment mechanism  
5 no more often than once per year, the rate updates will be much more streamlined under  
6 our currently approved system of consolidated rates, and rate changes will be easier for  
7 customers to understand because the purchased water and purchased sewer treatment costs  
8 are reflected in a separate line item on customer bills.

9 **Q. IN ITS APPLICATION, BLUE GRANITE IS REQUESTING A “PASS-  
10 THROUGH” MECHANISM FOR ITS PURCHASED WATER AND  
11 WASTEWATER TREATMENT COSTS. HOW DOES BLUE GRANITE  
12 CURRENTLY RECOVER ITS PURCHASED WATER AND WASTEWATER  
13 TREATMENT COSTS?**

14 A. Blue Granite has been deferring its increased purchased water and wastewater treatment  
15 costs due to third-party provider rate increases, as authorized by the Commission. The  
16 Company was authorized in the 2017 Rate Case to amortize its accumulated deferral  
17 balance at that time. In this proceeding, Blue Granite has made an adjustment to the Test  
18 Year purchased water and wastewater treatment expenses to reflect the current known and  
19 measurable expense levels, including the impact of rate changes from providers.

20 **Q. WHAT IS THE ACCUMULATED UNAMORTIZED DEFERRED BALANCE,  
21 AND HOW DOES BLUE GRANITE INTEND TO RECOVER THIS BALANCE?**

22 A. The Company estimates that as of December 31, 2019, the deferred balance for purchased  
23 water and wastewater treatment expenses is \$2,803,968. Blue Granite proposes to recover

1 these deferred costs in base rates by amortizing the balance over three years, beginning on  
2 the date rates become effective in this case.

3 **Q. HOW SIGNIFICANT ARE PURCHASED WATER AND WASTEWATER**  
4 **TREATMENT EXPENSES TO BLUE GRANITE'S FINANCIAL POSITION?**

5 A. These pass-through expenses are a significant cost to the Company. As noted above, in  
6 this rate proceeding alone, these costs represent over 40% of the increase in costs the  
7 Company seeks to recover. The burden of carrying increases in purchased service expenses  
8 impairs the Company's liquidity and ability to focus capital on actual projects and system  
9 improvements that benefit customers. In light of the magnitude of these expenses and the  
10 burden on the Company of carrying such cost increases on its balance sheet between rate  
11 cases, the implementation of an annual pass-through mechanism is essential to enabling  
12 the needed, continued investment in and maintenance of Blue Granite's facilities and its  
13 provision of reliable and high quality utility services.

14 **Q. WHY DO YOU REFER TO PURCHASED WATER AND WASTEWATER**  
15 **TREATMENT EXPENSES AS "PASS-THROUGH EXPENSES"?**

16 A. These are pass-through expenses because they literally "pass through" Blue Granite's third-  
17 party provider's rates to its customers via the proposed mechanisms without markup or  
18 margin for the Company. Customer rates would only be adjusted for changes in provider  
19 rates, and in the same fashion as those costs are recovered in the setting of base rates, i.e.,  
20 via a consolidated Service Territory-level volumetric charge.

21 **Q. PLEASE DESCRIBE THE "PASS-THROUGH" MECHANISMS THE COMPANY**  
22 **IS PROPOSING IN THIS CASE RELATED TO PURCHASED WATER AND**  
23 **PURCHASED WASTEWATER TREATMENT SERVICES.**

1 A. Blue Granite is seeking Commission approval of two rate adjustment mechanisms. The  
2 first would allow annual adjustments to the Company's Distribution Only water rates, and  
3 the second to its Collection Only sewer rates, to reflect changes in third-party vendor rates.  
4 Blue Granite is not seeking to reflect changes in volumes of retail water or wastewater  
5 delivered, nor is the Company seeking to include other operation and maintenance  
6 expenses in the rate adjustment mechanisms. Additionally, as mentioned above, Blue  
7 Granite is seeking Commission approval to continue to defer changes in its purchased water  
8 and wastewater services expenses until such changes are reflected in retail rates.

9 Under our proposal, the pass-through mechanisms would include all relevant gross  
10 ups, including uncollectibles, regulatory assessments, and gross receipts taxes. The  
11 uncollectible rate would be consistent with that authorized in this case, and the regulatory  
12 assessment and gross receipts tax rates would be the most recent actual applicable rates.  
13 The pass-through adjustments would be calculated annually, filed with the Commission,  
14 and implemented as a separate line item on Distribution Only and Collection Only  
15 customer bills.

16 **Q. PLEASE DESCRIBE BLUE GRANITE'S PURCHASED WATER AND**  
17 **WASTEWATER SERVICES CONTRACTS AND EXPENSES.**

18 A. The Company operates forty-one (41) purchased water systems in which water is  
19 purchased from third-party providers to distribute to customers. The Company is generally  
20 charged a base facility charge, often tied to meter size for the interconnection, and a  
21 volumetric rate for the water purchased from each third-party provider. These rates are  
22 subject to periodic adjustments as necessary by each provider to accurately reflect costs.  
23 The Company purchases water from the City of West Columbia, York County, City of



1 Charlotte, Lexington County Joint Municipal Water and Sewer Authority, City of  
2 Columbia, Town of Lexington, West Anderson Water District, Broadway Water and  
3 Sewer, Hammond Water, City of Rock Hill, City of York, Starr-Iva Water Co., Electric  
4 City Utilities, and Sandy Springs Water District. The purchased water expense that is  
5 currently included in base rates is \$2,888,403. In the Test Year, the Company purchased  
6 water totaling \$4,181,365, which is approximately 45% higher than what is currently  
7 approved in base rates for recovery.

8 Blue Granite also operates nine (9) wastewater collection-only systems in which  
9 the Company collects wastewater from its customers and transports the wastewater to a  
10 third-party for treatment. Depending on the third-party provider's rate structure, Blue  
11 Granite is charged either a flat rate per customer or a volumetric charge for the treatment  
12 and disposal of the wastewater. These rates and charges are subject to periodic adjustments  
13 as deemed necessary by the provider. The Company purchases wastewater treatment  
14 services from York County, Richland County, Georgetown County Water and Sewer, the  
15 Town of Chapin, Beaufort-Jasper Water and Sewer, City of Columbia, and the Town of  
16 Lexington. The wastewater treatment expense from third-party providers currently in base  
17 rates is \$1,070,343. In the Test Year, the Company's wastewater treatment expense totaled  
18 \$2,440,387, which is approximately 228% higher than what is currently approved in base  
19 rates for recovery. In addition, the Company estimates for pro-forma purposes in this  
20 proceeding that its wastewater treatment expense will total \$3,774,444, which is  
21 approximately 353% higher than what is currently approved in base rates for recovery.

22 **Q. WHY ARE THE PROPOSED ANNUAL RATE ADJUSTMENT MECHANISMS**  
23 **FOR PURCHASED WATER AND WASTEWATER SERVICES NEEDED?**

1 A. Purchased water and wastewater services represent a significant component of the  
2 Company's total cost to serve its customers. The Company's 2018 purchased water  
3 expenses totaled over \$3.5 million, out of a total O&M expense level of approximately  
4 \$15.1 million. Similarly, Blue Granite's purchased wastewater expenses in 2018 were  
5 almost \$1.8 million, out of a total O&M expense level of approximately \$15.1 million.  
6 These expenses also vary significantly from year to year; from just 2017 to 2018, purchased  
7 water expenses increased by 27% and purchased wastewater services expenses increased  
8 by 58%. Due to the fluctuations in costs as well as the necessity to purchase these services,  
9 the purchased water and wastewater components of the Company's operations change  
10 significantly between general rate proceedings, without any mechanisms currently in place  
11 to recover such expenses on a timely basis. Further, because of the contracts with and  
12 rates charged by third-parties, the expenses are not controlled by the Company. The  
13 purchased water and wastewater services expenses are recurring, significant, and variable.  
14 To address these recurring and significant changes in expenses, the proposed rate  
15 adjustment mechanisms will allow the utility to recover the cost of these services on a more  
16 timely and predictable basis.

17 It is important to recognize that one goal of utility regulation is to provide the utility  
18 with an opportunity to recover its prudent and necessary costs of providing utility service.  
19 Periodic rate cases are often used for such cost recovery, but there are some expense items  
20 for which a rate case is not sufficient – *i.e.*, general rate cases do not permit the utility to  
21 accurately reflect certain types of costs in rates on a timely basis. Fuel costs for electric  
22 utilities are a prime example. They are necessary to provide service, they are a significant  
23 cost item, and they are largely outside of the control of the utility -- but they vary

1 significantly from year to year such that building an amount in base rates in a rate case will  
2 lead to either a period of material under-recovery or over-recovery of such costs. If the  
3 utility has been under-recovering these costs, by the time a general rate case has been filed  
4 and approved, such under-recovery could exacerbate the next base rate increase. If, on the  
5 other hand, the utility has been over-recovering these costs, customer bills have been  
6 unnecessarily high until such time as they are corrected through a general rate proceeding.  
7 Permitting recovery to track, on a one-to-one basis, actual costs – outside of a general rate  
8 proceeding – will match expenses to recovery on a more timely basis and mitigate large  
9 rate shocks in rate cases, thereby benefitting customers. For all of these reasons, changes  
10 in these types of expenses are more appropriately recovered in rate adjustment mechanisms  
11 rather than a general rate proceeding.

12 **Q. ARE RATE ADJUSTMENT MECHANISMS FOR EXPENSES SUCH AS**  
13 **PURCHASED WATER AND WASTEWASTE SERVICES IN THE PUBLIC**  
14 **INTEREST?**

15 A. Yes.

16 **Q. WHY?**

17 A. As discussed above, treatment of these expenses in base rates does not permit the utility to  
18 accurately reflect these costs in rates on a timely basis. The rate adjustment mechanisms  
19 proposed in the Application will allow recovery of actual costs based on the rates charged  
20 by providers, no more and no less. The Company's proposed rate adjustment mechanisms  
21 will capture both increases and decreases in purchased water and wastewater expenses. The  
22 process provides a sensible benefit to both the customer and the utility, as it allows for  
23 timely adjustments to rates to accurately reflect the actual costs of these expenses.

1           Additionally, mechanisms such as these can help to alleviate large fluctuations in  
2 rates from base rate cases (i.e., mitigate rate shock) by providing for more gradual  
3 adjustments to rates, while at the same time sending more accurate price signals to  
4 customers that reflect the true cost of service. By helping match cash flow to actual  
5 expenses, the mechanisms will also support the Company's ability to finance its operations  
6 on reasonable terms and continue to attract equity capital for needed infrastructure  
7 investment. Lastly, the requested mechanisms will assist in deferring the need for new rate  
8 cases due to purchased services expenses, therefore reducing administrative costs while  
9 preserving the Company's financial integrity.

10 **Q. HAS THE COMMISSION GRANTED SIMILAR RELIEF TO OTHER**  
11 **UTILITIES?**

12 A. Yes. Rate adjustment mechanisms for purchased services expenses are widespread in South  
13 Carolina. For example, this Commission has approved rate adjustments for increases in  
14 purchased services expense for Kiawah Island Utility, Inc. in Order No. 2002-285, where  
15 the Commission approved a pass-through mechanism for the utility with respect to its  
16 purchased water costs, stating: "With the passthrough mechanism as proposed by the  
17 company, the potable rate to customers could be adjusted, with Commission oversight, on  
18 a timely basis and eliminate the need for a rate application to compensate for this expense."  
19 As another example, in Order No. 2014-48, the Commission allowed Ocean Lakes Utility,  
20 L.P. to "pass through, without markup, the increases in wholesale wastewater rates charged  
21 by Grand Strand Water and Sewer Authority over a two-year period as requested."  
22 Additionally, several other states allow for pass-through of changes in purchased water  
23 and/or sewer treatment expenses through adjustment filings between base rate cases.

1 **Q. IS BLUE GRANITE'S PROPOSED MECHANISM SIMILAR TO THOSE**  
2 **APPROVED BY THE COMMISSION FOR OTHER UTILITIES?**

3 A. Yes. Although it is true that Blue Granite's rate design is consolidated -- as opposed to  
4 those of KIU and Ocean Lakes -- the mechanism proposed by the Company in this  
5 proceeding does, in fact, pass through purchased water and wastewater costs to customers  
6 dollar-for-dollar without markup or margin.

7 **Q. THE COMPANY IS ALSO REQUESTING AUTHORITY TO CONTINUE**  
8 **DEFERRING ITS PURCHASED WATER AND WASTEWATER SERVICES**  
9 **EXPENSES UNTIL SUCH COSTS ARE REFLECTED IN RATES. WHY IS THIS**  
10 **CONTINUED DEFERRAL AUTHORITY NECESSARY?**

11 A. Deferred accounting authority is foundational to the Company's request for approval of the  
12 rate adjustment mechanisms. Continued deferral authority will allow the Company to  
13 record changes in its purchased water and wastewater services expenses in a regulatory  
14 asset account until such time as the Commission approves recovery of such expenses  
15 through the applicable rate adjustment mechanism. The combination of pass through for  
16 rate changes from vendors and deferral of costs allows the Company to recognize the  
17 impact of cost changes on a going basis and adjust rates for such costs on a timely basis.

18 **Q. PLEASE WALK US THROUGH HOW THESE PROPOSED RATE**  
19 **ADJUSTMENTS WILL BE CALCULATED.**

20 A. The expense amount for which the Company is seeking recovery through the rate  
21 adjustment represents the difference between the amount of purchased water or wastewater  
22 expense approved in this rate case, compared to the amount of expense that is known and  
23 measurable at the time of the annual rate adjustment, which could be higher or lower. The

1 current amount of expense will be calculated by summing the consumption data from  
2 invoices making up the approved amount of expense in this rate case and applying the most  
3 current rates charged by third party suppliers where the rate has changed since this rate  
4 case. This method would be used to isolate the impact that changes in rates from third party  
5 providers have on changes to the expense level, not changes in expense levels due to  
6 consumption or customer growth. In addition, the Company will continue to accrue  
7 monthly the impact of the rate change from the vendor to a regulatory asset. The combined  
8 deferral balance and annualized impact of the change in vendor rates versus authorized will  
9 be divided by the annualized authorized consumption of the applicable customer group to  
10 determine the adjustment rate. After the initial implementation, the rate adjustments would  
11 include true-up calculations for over- or under-collection on revenues attributed to the rate  
12 adjustments approved in the prior application. Any over- or under-recovery related to the  
13 difference between the revenues billed and the authorized recovery through the mechanism  
14 would be reconciled and charged or credited to customers, as appropriate, in the next  
15 Annual Purchased Water and Wastewater Rate Adjustment filing.

16 **Q. HOW DOES THE COMPANY PROPOSE TO ALLOCATE THESE RATE**  
17 **ADJUSTMENTS TO CUSTOMER CLASSES?**

18 A. The change in expense levels results in an expense (or credit) dollar amount to recover (or  
19 refund) through the mechanism. As proposed, the adjustment to the rate is calculated on a  
20 Service Territory basis (consolidated for sewer) and applied to Distribution Only and  
21 Collection only customers for purchased water and purchased sewer treatment,  
22 respectively. This method matches the expenses included in base rates for the rate groups  
23 with the pass-through adjustment, allowing for consistency in inputs and resulting rate

1 drivers for each rate group, and simplifies reconciliation in the next base rate case as the  
2 mechanism recovery levels are rolled into base rates.

3 **Q. WILL THE COMPANY'S PROPOSED RATE ADJUSTMENT MECHANISMS**  
4 **RESULT IN RECOVERY OF THESE THIRD-PARTY CHARGES ON A DOLLAR**  
5 **FOR DOLLAR BASIS, NO MORE AND NO LESS?**

6 A. Yes.

7 **Q. WHY DO YOU BELIEVE IT IS APPROPRIATE TO SPREAD THESE THIRD-**  
8 **PARTY CHARGES ACROSS THE SERVICE TERRITORY RATHER THAN**  
9 **LIMITING ASSIGNMENT OF THESE CHARGES TO WATER AND/OR SEWER**  
10 **CUSTOMERS WHOSE DISTRIBUTION AND/OR COLLECTION SYSTEM IS**  
11 **CONNECTED TO THE THIRD-PARTY PROVIDER THAT IMPLEMENTED**  
12 **THE CHANGE IN RATES?**

13 A. The proposed allocation is consistent with both the purpose and the implementation of the  
14 Company's Commission-approved consolidated rate design and reflects the consolidation  
15 of all other costs to provide service to the particular Service Territory rate group. It would  
16 be illogical and inconsistent to use one rate design for third-party provider costs that are  
17 reflected in base rates, and a different rate design for the same costs reflected in the rate  
18 adjustment mechanism. Further, eliminating geographic-specific rate design reduces  
19 customer confusion and provides consistent and transparent rates. Moving to a geographic  
20 allocation methodology would also impact certain groups of customers disproportionately  
21 and will be to the detriment of certain customers, due to differences in third party provider  
22 rate increases.

1 **Q. WHY DOES BLUE GRANITE HAVE A CONSOLIDATED RATE DESIGN,**  
2 **RATHER THAN SEPARATE RATES FOR EACH SYSTEM?**

3 A. In 2015, ORS supported the establishment of the Company's current consolidated rate  
4 design, which spreads third party charges across Blue Granite's service territories rather  
5 than assigning these charges to one of the 41 water systems or 9 wastewater systems that  
6 happens to be located near the third-party provider. ORS also recently recommended in  
7 2018 the consolidation of rates for Synergy Utilities, filing testimony concluding that rate  
8 consolidation

9 would be in the public interest as a single-tariff rate structure lowers  
10 administrative costs, improves service affordability for customers and  
11 promotes ratepayer equity . . . . The ORS recommendation to merge the  
12 Company's rate schedules into a single tariff rate structure will result in just,  
13 reasonable, sufficient, and nondiscriminatory rates for all of the customers  
14 of Synergy.<sup>2</sup>

15  
16 ORS's support for rate consolidation is not misplaced, as a consolidated rate model is a  
17 pervasive and equitable rate design for utilities. It would be unfair and absurd, for example,  
18 for customers of an electric utility to pay higher rates simply because they live near a power  
19 plant requiring a higher cost of service. It would also be unfair to expect rural residents of  
20 a utility to pay more for utility service because the provision of service to these customers  
21 requires the utility to erect more service lines or lay more linear feet of pipe. In a  
22 consolidated rate design, where a customer happens to be geographically located has no  
23 bearing on his or her ultimate rate. The benefit of such a rate design is that the costs of the  
24 system, be they operations and maintenance expense or capital investment, are spread over  
25 a larger customer base, smoothing out cost volatility and creating economies of scale.

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<sup>2</sup> Direct Testimony of ORS Witness Matthew Schellinger at 13-14, Docket No. 2017-28-S (Apr. 2, 2018).



1 **Q. PROCEDURALLY, HOW DOES THE COMPANY PROPOSE TO IMPLEMENT**  
2 **THESE RATE ADJUSTMENT MECHANISMS, IF APPROVED BY THE**  
3 **COMMISSION?**

4 A. Under the procedure proposed by the Company, recognizing that it may be modified as  
5 part of this proceeding, the initial implementation of adjusted rates would take place upon  
6 Commission approval in approximately April 2020. Each year going forward, the  
7 mechanism would follow a standard timeline: the Company would file its proposed rate  
8 adjustments 60 days after the annual deferral period ends; the Commission and the ORS  
9 would then complete their respective audit reviews within 45 days; the Commission would  
10 then issue an order on the proposed rate adjustments; the Company would provide a 30-  
11 day notice of approved rates to its customers within 15 days of Commission order; and the  
12 Company would implement the approved rates 30 days after notice is issued. The Company  
13 believes that its proposed procedures will provide the Commission and the ORS with  
14 adequate time to scrutinize the changes in purchased water and wastewater services rates  
15 and the resulting impact on the Company's rates.

16 **Q. ARE YOU AWARE THAT ON DECEMBER 20, 2019, THE ORS FILED A**  
17 **MOTION FOR SUMMARY JUDGMENT IN THIS CASE, REQUESTING THAT**  
18 **THE COMMISSION SUMMARILY REJECT BLUE GRANITE'S REQUEST FOR**  
19 **APPROVAL OF A PASS-THROUGH RATE ADJUSTMENT MECHANISM FOR**  
20 **PURCHASED WATER AND WASTEWATER TREATMENT SERVICES?**

21 A. Yes, I am aware of the motion for summary judgement filed by the ORS.

22 **Q. ORS TAKES ISSUE WITH BLUE GRANITE'S PROPOSAL TO ALLOCATE ITS**  
23 **PURCHASED WATER AND WASTEWATER TREATMENT SERVICES IN THE**

1 PASS-THROUGH MECHANISM TO ALL DISTRIBUTION-ONLY AND  
2 COLLECTION-ONLY WATER AND WASTEWATER CUSTOMERS,  
3 RESPECTIVELY, RATHER THAN JUST TO CUSTOMERS WHO ACTUALLY  
4 UTILIZE THE PURCHASED WATER OR PURCHASED WASTEWATER  
5 SERVICES THAT ARE BEING RECOVERED IN THE PASS-THROUGH  
6 MECHANISM.

7 DOES BLUE GRANITE OBJECT TO ALLOCATING THE PURCHASED  
8 WATER AND WASTEWATER TREATMENT SERVICES TO BE RECOVERED  
9 THROUGH THE PASS-THROUGH MECHANISM JUST TO THE CUSTOMERS  
10 THAT ACTUALLY AND DIRECTLY USE THE PURCHASED WATER AND  
11 PURCHASED WASTEWATER SERVICES?

- 12 A. Yes. The ORS proposal, if adopted, would effectively reverse progress the Company has  
13 made toward consolidating its rate structures – progress which has been encouraged by the  
14 ORS and approved by the Commission. We believe that our proposal to allocate such costs  
15 to all Distribution-Only water and Collection-Only wastewater customers, respectively, is  
16 superior to ORS’s proposal because it is consistent with the Company’s consolidated rate  
17 design, which was supported by ORS and approved by the Commission just 4 years ago.  
18 As discussed above, and as supported by ORS in various proceedings, consolidated rates -  
19 - including as applicable to third party costs -- “lowers administrative costs, improves  
20 service affordability for customers and promotes ratepayer equity,” thereby resulting in  
21 “just, reasonable, sufficient, and nondiscriminatory rates. . . .”<sup>3</sup> Additionally, the ORS  
22 proposal, if adopted, would result in the Company’s purchased water and wastewater

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<sup>3</sup> Direct Testimony of ORS Witness Matthew Schellinger at 13-14, Docket No. 2017-28-S (Apr. 2, 2018).

1 services costs reflected in base rates being allocated one way – on a consolidated basis –  
2 and such costs recovered in the pass-through mechanisms being allocated a different, non-  
3 consolidated basis, which is inherently illogical and unnecessarily complicates setting base  
4 rates in the following rate case.

5 **Q. ORS STATES THAT ONE OF THE BASES FOR THE MOTION IS THAT THE**  
6 **PASS-THROUGH PROCEDURE PROPOSED BY BLUE GRANITE DOES NOT**  
7 **CONTAIN AN ANNUAL HEARING ON THE PASS-THROUGH COSTS. IS BLUE**  
8 **GRANITE WILLING TO INCLUDE A HEARING IN ITS PROPOSED**  
9 **PROCEDURES FOR ITS PASS-THROUGH MECHANISM?**

10 A. Yes. First, one of the primary purposes of the mechanisms is to reduce administrative  
11 burden, both for the Company and for the Commission, which reduces regulatory costs for  
12 customers and frees up the Commission's resources. Further, we believe that there would  
13 be little to gain from a hearing on a mechanism that simply passes through third party costs,  
14 and which was authorized and established authorized rate and consumption levels during  
15 a thoroughly vetted and noticed base rate proceeding. We would also note that other  
16 utilities implement their own pass-through mechanisms without a hearing.

17 Nevertheless, we are amenable to including an annual hearing as part of the pass-  
18 through mechanism procedures if the Commission believes that the benefits of an annual  
19 hearing would outweigh the associated burden. Such a hearing could be held each year as  
20 a part of the pass-through mechanism implementation, and could be set, noticed, and held  
21 within the proposed 45 day audit window.

22 **Q. ORS ALSO FAULTS THE PROPOSED MECHANISM BECAUSE IT DOES NOT**  
23 **PROVIDE A PROCEDURE SHOULD ORS, THE COMMISSION, OR ANOTHER**

1        **PARTY DISAGREE WITH THE RATE ADJUSTMENT PROPOSED BY THE**  
2        **COMPANY PRIOR TO THE AUDIT PROCESS. WHAT IS YOUR POSITION ON**  
3        **THAT STATEMENT?**

4        A.     While the Company believed it was self-evident that the audit process would permit the  
5               parties and the Commission to arrive at the correct rate, if ORS believes that the procedure  
6               described in the Company's application language should be clearer on that point, the  
7               Commission may order whatever process it deems just and reasonable. The purpose of the  
8               audit process is to ensure the accuracy of the proposed rate, and ORS would, of course, be  
9               able to propose any modifications, disallowances, or adjustments it deems appropriate  
10              during or at the conclusion of that review process, with the Commission's final  
11              determination able to incorporate such information. This would be consistent with other  
12              existing water/wastewater utilities' pass-through cost filings under the Commission's  
13              jurisdiction, which are subject to the review and audit of ORS.

14      **Q.     DO YOU BELIEVE THAT THE MECHANISMS WOULD RESULT IN A**  
15               **DETERMINATION OF BLUE GRANITE'S OVERALL RATE STRUCTURE AS**  
16               **SUGGESTED BY ORS?**

17      A.     No. In fact, the Commission recently found the exact opposite of ORS's position. In  
18               Docket No. 2018-358-WS ("Pass-Through Docket"), the docket in which the Company  
19               previously proposed the mechanisms, the Company sought clarification as to whether the  
20               mechanisms represented "changes to its entire rate structure and its overall rate of return."  
21               In Order No. 2019-367, the Commission found that they did not. This is so because, while  
22               changes to the entire rate structure and rate of return would require a full rate case -- such  
23               as the instant proceeding -- the mechanisms proposed in the Pass-Through Docket would

1 serve to adjust an isolated, segregated charge based upon changes in third party rates. In  
2 fact, the Company's current proposal would not adjust base rate but instead initiate a  
3 separate line item on customer bills related specifically to recovery of third-party provider  
4 rate changes. The proposed mechanism would not consider the Company's rate of return,  
5 rate structure, or any of the twenty-eight basic facilities charges, four water commodity  
6 charges, or any of the non-recurring charges.

7 **Q. WOULD BLUE GRANITE BE WILLING TO MAKE OTHER REASONABLE**  
8 **CHANGES TO THE PROPOSED MECHANISMS?**

9 A. Yes. As discussed elsewhere in my testimony, the primary objective of the mechanisms is  
10 to pass through, on a timely and predictable basis, changes in third-party water and  
11 wastewater service rates. This will help mitigate the rate shock customers experience when  
12 changes in these costs are reflected in base rate cases such as this one. While this objective  
13 is met with the Company's proposed mechanisms, there may be changes to the Company's  
14 proposal that fulfill this objective and otherwise improve upon the mechanisms. Blue  
15 Granite recognizes that the Commission may order, or the parties — including Blue Granite  
16 — may stipulate to, a version of the mechanism that varies from the one proposed in the  
17 Application. The Company is amenable to such an outcome, as long as the fundamental  
18 objective of the mechanisms is achieved and the Company's consolidated rate design is  
19 preserved for the benefit of customers.

20 **Q. IN ITS MOTION, ORS STATES THAT "THE MECHANISM SHIELDS THE**  
21 **COMPANY FROM THE RISK OF UNDER-RECOVERY OF THIRD-PARTY**  
22 **PROVIDER WHOLESALE WATER AND SEWER COSTS BY BURDENING ITS**  
23 **CUSTOMERS." DO YOU AGREE WITH THIS POSITION?**

1 A. No. The costs the Company seeks to recover through the mechanisms are only those  
2 incurred due to customers' utilization of water and wastewater services and are therefore  
3 appropriately recovered from customers. Like pass-through mechanisms approved for  
4 other utilities, the proposed mechanisms pass through purchased water and wastewater  
5 costs to customers on a dollar-for-dollar basis without markup or margin. These expenses  
6 are also subject to review by ORS and the Commission for determination of prudence and  
7 reasonableness, contradicting ORS's stated concern.

8 **Q. ORS ALSO STATES IN ITS MOTION THAT THE MECHANISMS BASE THE**  
9 **CALCULATED RATE ON AVERAGE CUSTOMER USAGE RATHER THAN**  
10 **SPECIFIC CUSTOMERS' USAGE. PLEASE EXPLAIN YOUR VIEW OF THIS**  
11 **CONCERN.**

12 A. ORS is incorrect and misrepresents the pass-through mechanisms as presented in this case.  
13 The volumetric water adjustment rate is calculated by dividing the costs to be recovered by  
14 the total annual authorized consumption of the applicable rate group. Once the rate has  
15 been calculated, each customer pays based upon his or her actual usage. Please see the  
16 attached DeStefano Direct Exhibit 2, Table 1. As shown, the \$0.27/1,000 gallon rate is  
17 derived by taking the changes in expense and deferral accruals on lines 7 and 8 of \$150,000  
18 and dividing by the Annual Authorized Consumption for the rate group in line 1 of  
19 550,000,000 gallons – the Average Consumption is therefore simply provided for  
20 illustrative purposes.

21 **Q. ORS ARGUES IN ITS MOTION THAT THE MECHANISMS DILUTE THE**  
22 **PRICE RELATIONSHIP BETWEEN AN INDIVIDUAL CUSTOMER'S**  
23 **CONSUMPTION AND THAT CUSTOMER'S BILL. DO YOU AGREE?**

1 A. Absolutely not. Because the water service mechanisms produce a volumetric, per-1,000  
2 gallon rate, an individual customer's consumption has a direct relationship with his or her  
3 bill. While this is not the case for wastewater charges as proposed, such Company retail  
4 charges have never been based on volumetric metering. In other words, the adjustment  
5 rates are fully consistent with the base rate recovery of purchased water and wastewater  
6 treatment expenses.

7 **Q. ORS ALSO ARGUES IN ITS MOTION THAT THE PASS-THROUGH**  
8 **MECHANISM DOES NOT ADDRESS ISSUES SUCH AS WATER LOSSES AND**  
9 **WASTEWATER INFLOW AND INFILTRATION (I&I). IN THE ORS' VIEW,**  
10 **THIS GIVES THE COMPANY A DISINCENTIVE TO ADDRESS SUCH ISSUES.**  
11 **DO YOU AGREE?**

12 A. No. The annual rate adjustment mechanisms proposed by the Company permit the  
13 Commission to set an authorized level of water loss and I&I, beyond which the Company  
14 would absorb any losses. For example, the Commission could set a water loss threshold  
15 for a particular provider, and any water loss beyond that threshold would count against the  
16 Company's purchased water and wastewater expense and would not be able to be recovered  
17 in the deferral or rate reconciliation process. Since the Application was filed in this  
18 proceeding, the Company has responded to hundreds of individual information requests  
19 from ORS and produced thousands of megabytes of data. ORS has been provided  
20 sufficient information to propose appropriate volumes and rates to be recovered for costs  
21 from third-party providers.

22 Because the rate adjustment mechanism requires reconciliation to authorized  
23 provider rates and volumes purchased, we propose that the Commission authorize specific

1 purchase water and sewer treatment volumes by third-party vendor, along with the current  
2 vendor rates, in this base rate proceeding. The following rate adjustment reconciliations  
3 would then be solely focused on the variability in rates, with other determinants held to  
4 authorized levels. This incentivizes the Company to maintain or improve its existing water  
5 loss and I&I levels, and any worsening in the levels would be absorbed by the Company  
6 between base rate cases, and potentially at higher rates than authorized for recovery, as  
7 implemented by its vendors after base rates are set in this proceeding.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 **A.** Yes, it does.



**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF**

**SOUTH CAROLINA**

**DOCKET NO. 2019-290-WS**

In RE:

Application of Blue Granite Water	)	
Company for Approval to Adjust Its Rate	)	
Schedules and Increase Rates	)	<b>APPLICATION</b>
	)	

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Blue Granite Water Company (“BGW”, “Applicant” or “Company”) would respectfully show unto, and request of, the Public Service Commission (“Commission”) as follows:

**BACKGROUND**

- 1) Applicant is a corporation organized and existing under the laws of the State of Delaware and authorized to do business in the State of South Carolina.
- 2) Applicant is a public utility, as defined by S.C. Code Ann. § 58-5-10(4), providing water and sewer service to the public for compensation in certain areas of South Carolina.
- 3) All communications or inquiries regarding this Applicant should be directed as set forth below:

Frank R. Ellerbe III  
 Samuel J. Wellborn  
 ROBINSON GRAY STEPP & LAFFITTE, LLC  
 1310 Gadsden Street  
 Columbia, SC 29201  
 (803) 231-7829  
[swellborn@robinsongray.com](mailto:swellborn@robinsongray.com)  
[fellerbe@robinsongray.com](mailto:fellerbe@robinsongray.com)

### **REQUEST FOR RATE RELIEF AND APPROVAL OF RATE SCHEDULE MODIFICATIONS**

4) Pursuant to S.C. Code Ann. §58-5-240 and S.C. Code Ann. Regs. 103-712(4)(A) and 103-512(4)(A), Applicant requests that the Commission approve the monthly water and sewer service charges set forth in the rate schedules attached hereto and incorporated herein by this reference as Exhibit A. The Company also requests approval of any and all fees and charges contained in these schedules.

### **SUPPORTING DOCUMENTATION**

5) Applicant proposes a test year of July 1, 2018, to June 30, 2019, and has prepared certain financial statements relating to that time period in support of the Application, which statements are attached hereto and incorporated herein by this reference as Exhibit B. These financial statements include the following:

- a. Balance sheet (Schedule A)
- b. Current and pro forma income and expense statements (Schedule B)

Applicant also submits, as Exhibit B, the following information in support of the Application:

- c. Rate base, rate of return information and Statement of Total Plant Investment (Schedule C)
- d. Water and sewer consumption analyses (Schedule D)
- e. Water and sewer proposed revenues (Schedule E)
- f. Schedule of current and projected customers (Schedule F)
- g. Effect of proposed rates (Schedule G)

6) Attached hereto and incorporated herein by this reference as Exhibit C is the most recent approval letter from the South Carolina Department of Health and Environmental Control (“DHEC”).

7) Attached hereto and incorporated herein by this reference as Exhibit D is the Company’s current customer bill form.

8) Attached hereto and incorporated herein by this reference as Exhibit E is evidence of the Company’s most recent Annual Report and Gross Receipts Tax filing.

9) Attached hereto and incorporated herein by this reference as Exhibit F is the Company’s proposed Tax Cuts and Jobs Act (“TCJA”) one-time credit refund calculation for each customer water and sewer service account. Also shown on Exhibit F is the Company’s proposed Storm Reserve Fund charge calculation.

10) Attached hereto and incorporated herein by this reference as Exhibit G are the Company’s current and proposed depreciation rates and service lives by plant account.

11) The Company’s current rate schedules, approved by Order No. 2018-802, are on file with this Commission.

12) On file with this Commission is a performance bond to satisfy the requirements of S.C. Code Ann. § 58-5-720.

13) A map depicting Applicant’s current service area is on file with the Commission.

14) The financial statements, other documents submitted herewith, and references to documents on file with the Commission are offered to comply with S.C. Code Ann. Regs. 103-512(4) and 103-712(4) and to provide information useful to the Commission in considering the reasonableness of the proposed rate schedule.

### **NEED AND JUSTIFICATION FOR RATE RELIEF**

15) Applicant submits that the proposed rate increase is necessary in order that it may provide reasonable and adequate service to its customers, cover its expenses, be permitted an opportunity to earn a reasonable return on its investment, and attract capital for future improvements. The proposed rates are also necessary to allow the Applicant to comply with the standards and regulations set by DHEC and other environmental regulatory authorities, to preserve the financial integrity of Applicant, promote continued investment in and maintenance of its facilities, and thereby permit Applicant to continue providing reliable and high-quality water and sewer services.

16) Applicant's current rates, now in effect, were approved in Commission Order No. 2018-802. Since the Applicant's last base rate case, Applicant has invested approximately \$23 million in its water and sewer systems, in order to continue providing reliable and high-quality water and sewer services to its customers. In addition, since its last base rate case, Applicant has experienced increases in various operating expenses, such as purchased water and sewer treatment services and property taxes, which are necessary for the provision of reliable and high-quality water and sewer services. Further, Applicant has performed new system depreciation studies for its water and sewer assets, which indicate that new depreciation rates and additional depreciation expense are necessary in order to accurately and appropriately allocate the costs of the Company's assets over their full service lives.

### **REQUEST FOR RATE BASE TREATMENT**

17) Applicant further submits that given its substantial plant investment, and specifically the rate base reflected on Schedule C of Exhibit B, Applicant is entitled to have

the reasonableness of its proposed rates determined in accordance with the “rate base rate of return” methodology. Accordingly, Applicant requests rate base treatment in this proceeding.

### **ADDITIONAL REQUESTS**

18) By Order No. 2015-876 in Docket No. 2015-199-WS, the Commission approved recovery of the cost of its purchased water and sewer treatment as an expense incurred in the course of providing service which had the benefit of stabilizing the rates associated with water and sewer service, eliminated delays associated with the monthly apportionment of third-party provider charges, and streamlined customer billing. To implement this cost recovery, the Commission approved two regulatory deferred accounts authorizing BGW 1) to record and monitor all rate increases from third-party providers for water supply and sewer treatment; and 2) to recover non-revenue water expenses. The Commission authorized BGW to seek recovery of the balance of these deferred accounts, subject to audit by the Office of Regulatory Staff (“ORS”) and approval by the Commission in a subsequent rate case. In this application BGW is seeking recovery of the balance in the regulatory deferral account associated with increases in purchased water from third-party bulk water and sewer treatment providers.

19) In addition to item #18 above, the Company requests Commission approval of an annual rate adjustment mechanism for purchased water and sewer treatment expenses. This pass-through mechanism would initiate a rate adjustment between base rate filings to recover the deferral of changes in third-party service provider rates. The annual rate adjustment for purchased water expense deferrals would be applied to “Distribution only” customers, and purchased sewer treatment deferrals would be applied to “Collection only”

customers. Deferrals would be recorded for 12-month periods beginning on the date rates are effective in this proceeding, and the Company would file for a rate adjustment within 60 days of the end of each annual deferral period. Applicant proposes that ORS and the Commission complete their respective review and audit of the request within 45 days thereafter, and that the Company notify its customers of the audited rate adjustment within 15 days of audit completion, with the approved rate becoming effective 30 days thereafter. The interim rate(s) would be reset to zero in the next base rate case as the amortization of deferred expenses is incorporated into the setting of base rates.

20) By Order No. 2018-802, the Commission authorized the Company to defer costs related to two cases before the Administrative Law Court (“ALC”) – the DHEC Permit Denial case and I-20 Interconnection case. The deferral allowed for the cases to conclude and the litigation expenses to be considered for recovery in the Company’s next rate case proceeding. The Company is hereby including in this application a request for amortization and recovery of litigation expenses related to these two ALC cases.

21) The Company seeks Commission authority to capture capital costs related to required decommissioning of plant assets as a regulatory asset, to be amortized for rate recovery in the Company’s revenue requirement and included in rate base. Such capital costs consist of the costs to remove decommissioned plant assets, as well as the remaining net book value for such assets as of the time of removal from service.

22) The Company seeks Commission authority to adjust its existing depreciation and amortization rates consistent with the proposed rates utilized in this application, as shown in Exhibit G.

23) BGW seeks Commission authority to initiate a one-time credit of \$10.64 to each customer water and sewer service account, to return overcollections of federal income tax expenses accumulated between January 1, 2018 to June 28, 2018. These overcollected tax expenses are the result of the passing of the TCJA in December 2017, which lowered the federal corporate income tax rate from 35% to 21%. Pursuant to Order No. 2018-308, the Company has tracked and deferred the effects of the change in federal corporate income tax rate in a regulatory liability account.

24) BGW also seeks Commission authority to amend its tariff language and fees related to Solids Interceptor (“LETTS”) Tanks. The Company proposes to change the Pumping Charge from \$150 to the actual cost to access, pump, and service the tanks on a periodic basis, which is shown on Exhibit A.

25) The Company also seeks Commission authority to amend its tariff regarding connection, plant impact, and plant capacity fees, to incorporate language regarding the gross up of Contributions in Aid of Construction (“CIAC”) due to its taxability per the TCJA. The proposed tariff language memorializes the BGW policy for gross up of developer contributed assets (cash and property) within the BGW tariffs.

26) The Company also seeks Commission authority to implement a voluntary “Round Up” program, which would round participating customer bills to the nearest higher dollar, with the difference being accumulated in a reserve fund for remittance to the South Carolina Office for Economic Opportunity. The funds would be distributed to Community Action Agencies in the Company’s service territory to assist low income customers with their water and sewer bills. BGW also seeks approval to defer implementation costs for the

Round Up program related to modifications of its billing system and MyUtilityConnect customer service application, for recovery in the Company's next base rate case.

27) The Company seeks authority to initiate a Storm Reserve Fund for extraordinary storm restoration costs beyond those included in the Company's revenue requirement, such as those experienced in the wake of Hurricane Florence in September 2018. The proposed Storm Reserve Fund of \$200,000 would be funded through a monthly surcharge of \$0.53 per customer. Further, it would be suspended and reinstituted as the reserve reaches its designated funding level and as actual costs are incurred by the Company to restore service to customers after storms.

**WHEREFORE**, having fully set forth its Application, Blue Granite Water Company respectfully requests that the Commission approve the rates, charges, terms and conditions proposed and grant to Applicant such other and further relief as the Commission may deem just and proper.

Respectfully submitted,

s/Samuel J. Wellborn  
Frank R. Ellerbe, III  
Samuel J. Wellborn  
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*Attorneys for Applicant Blue Granite  
Water Company*

Columbia, South Carolina  
September 30, 2019



**Table of Exhibits**

<b>Exhibit A</b>	Tariff – Clean Version and Mark Up Version
<b>Exhibit B</b>	Financials: Schedules A through G
<b>Exhibit C</b>	DHEC Letter
<b>Exhibit D</b>	Customer Bill Form
<b>Exhibit E</b>	Annual Report and Gross Receipts Form
<b>Exhibit F</b>	Proposed Refunds/Surcharges: TCJA and Storm Reserve Funds
<b>Exhibit G</b>	Current/Proposed Depreciation and Amortization Rates
<b>Exhibit H</b>	Proposed Notice to Customers and Proposed Newspaper Notice

# EXHIBIT A

Tariff – Clean Version and Mark Up  
Version

**Blue Granite Water Company**  
**Docket No. 2019-290-WS**  
**SCHEDULE OF PROPOSED RATES AND CHARGES**

**WATER**

**Service Territory 1**

**Monthly Charges - Water Supply Customers Only**

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

**Residential**

Base Facilities Charge per single-family house, condominium, mobile home, or apartment unit	\$ 22.09 per unit
Residential Commodity Charge	\$ 8.59 per 1,000 gal. or 134 cft.

**Commercial**

Base Facilities Charge by meter size	
5/8" meter *	\$ 22.09 per unit
3/4" meter	\$ 22.09 per unit
1" meter	\$ 55.24 per unit
1.5" meter	\$ 110.47 per unit
2" meter	\$ 176.76 per unit
3" meter	\$ 331.42 per unit
4" meter	\$ 552.37 per unit
8" meter	\$1,767.59 per unit
Commercial Commodity Charge	\$ 8.59 per 1,000 gal. or 134 cft.

**Monthly Charges - Water Distribution Customers Only**

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

**Residential**

Base Facilities Charge per single-family house, condominium, mobile home, or apartment unit	\$22.09 per unit
Residential Distribution Charge	\$ 4.75 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ 6.85 per 1,000 gal. or 134 cft.

**Blue Granite Water Company**  
**Docket No. 2019-290-WS**  
**SCHEDULE OF PROPOSED RATES AND CHARGES**

Commercial

Base Facilities Charge

by meter size

5/8" meter *	\$ 22.09 per unit
3/4" meter	\$ 22.09 per unit
1" meter	\$ 55.24 per unit
1.5" meter	\$ 110.47 per unit
2" meter	\$ 176.76 per unit
3" meter	\$ 331.42 per unit
4" meter	\$ 552.37 per unit
8" meter	\$1,767.59 per unit

Commercial Distribution Charge \$ 4.75 per 1,000 gal. or 134 cft.

Purchased Water Charge \$ 6.85 per 1,000 gal. or 134 cft.

**\*A "Fire Line" customer will be billed a monthly base facilities charge of a 5/8" meter or at the rate of any other meter size used as a detector.**

**Hydrant Meter Program**

A contractor, developer, or other commercial customer (the "Hydrant Customer") requiring water service for a limited duration, where no other water service is available to the customer, may, where practicable, take water service from the Utility's nearest available hydrant. In such cases, the Hydrant Customer shall obtain from the Utility a 2-inch meter and affix the meter to the hydrant(s) closest to its work site(s). The Hydrant Customer shall be charged the appropriate Base Facilities Charge for a 2-inch meter and for actual water consumption. Every 25 to 35 days, the Hydrant Customer shall make the meter available to the Utility for the reading of its water usage and associated monthly billing. In addition, the Hydrant Customer shall pay Utility a deposit of \$1,100.00, which represents the approximate cost of the meter, prior to receiving the 2-inch meter. The Utility shall refund the Hydrant Customer's deposit upon the prompt return of the meter in good working order. If the meter is lost or determined to be damaged upon return, the Utility may withhold all, or a portion, of the deposit amount as reasonable compensation for the Utility's loss.

**Purchased Water Expense Rate Adjustment Mechanism**

"Water Distribution Customers Only" for Water Service Territory 1 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate adjustment is calculated using customer and consumption data from the annual reconciliation period. The commodity rate adjustment is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 1 in the annual reconciliation period. The average consumption is determined by taking the total water consumption for the annual reconciliation period and dividing it by the total number of water billing units for the annual reconciliation period. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the commodity rate adjustment required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The commodity rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

**Blue Granite Water Company**  
**Docket No. 2019-290-WS**  
**SCHEDULE OF PROPOSED RATES AND CHARGES**

**Storm Reserve Fund Surcharge**

Each water customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

**Service Territory 2****Monthly Charges - Water Supply Customers**

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

**Residential**

Base Facilities Charge per single-family house, condominium, mobile home or apartment unit:

\$38.58 per unit

Residential Commodity Charge

\$13.86 per 1,000 gal. or 134 cft.

**Commercial**

Base Facilities Charge  
by meter size

5/8" meter*	\$ 38.58 per unit
1" meter	\$ 96.45 per unit
1.5" meter	\$192.89 per unit
3" meter	\$578.67 per unit

Commercial Distribution Charge

\$13.86 per 1,000 gal. or 134 cft.

**Monthly Charges - Water Distribution Customers Only**

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

**Residential**

Base Facilities Charge per single-family house, condominium, mobile home or apartment unit:

\$ 38.58 per unit

Residential Distribution Charge

\$ 4.91 per 1,000 gal. or 134 cft.

Purchased Water Charge

\$ 11.08 per 1,000 gal. or 134 cft.

**Commercial**

Base Facilities Charge by meter size:

5/8" meter*	\$ 38.58 per unit
1" meter	\$ 96.45 per unit
1.5" meter	\$192.89 per unit
3" meter	\$578.67 per unit

Commercial Distribution Charge

\$ 4.91 per 1,000 gal. or 134 cft.

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**Blue Granite Water Company**  
**Docket No. 2019-290-WS**  
**SCHEDULE OF PROPOSED RATES AND CHARGES**

WATER SERVICE  
TERMS AND CONDITIONS  
AND  
NON-RECURRING CHARGES

**1. Terms and Conditions**

A. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup.

B. Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

C. The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

D. When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

**E. Billing Cycle**

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

**F. Extension of Utility Service Lines and Mains**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, and pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding water supply capacity to the affected water system.

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**G. Cross-Connection Inspection**

Any customer installing, permitting to be installed, or maintain any cross connection between the Utilities water system and any other non-public water system, sewer, or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2, as may be amended for time to time. Such a customer shall have such cross connection inspected by a licensed certified tester and provide to Utility a copy of written inspection report indicating the back-flow device is functioning properly and testing results submitted by the tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2, as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later June 30<sup>th</sup> of each year for required commercial customers and no later than June 30<sup>th</sup> of every other year for required residential customers. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill. If after inspection and testing by the Utility's certified tester, the back-flow device fails to function properly, the customer will be notified and given a 30 day period in which to have the back-flow device repaired or replaced with a subsequent follow-up inspection by a licensed certified tester indicating the back-flow device is functioning properly. Failure to submit a report indicating the back-flow device is functioning properly will result in discontinuation of water service to said customer until such time as a passing inspection report is received by Utility.

H. A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 6 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee. The Company shall have the right to request and receive water usage records from the water provider to its customers. In addition, the Company shall have the right to conduct an inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Company shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

I. The liability of the Company, its agents and employees for damages arising out of interruption of service or the failure to furnish service, whether caused by acts or omission, shall be limited to those remedies provided in the Public Service Commission's rules and regulations governing water utilities.

**2. Non-Recurring Charges**

A. Water Service Connection (New connections only) - \$300 per SFE\*

B. Plant Impact Fee (New connections only) - \$400 per SFE\*

The fees in this Section are subject to the tax considerations noted in Section G below.



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The Plant Capacity Fee reflects the portion of plant capacity which will be used to provide service to the new customers as authorized by Commission Rule R. 103-702.13. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing water production, treatment and/or distribution facilities that are essential to provide adequate water service to the new customer's property.

C. Water Meter Installation - 5/8 inches x 3/4 inches meter \$45.00

All 5/8 inch x 3/4 inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$45 shall be due upon installation for those locations where no 5/8 inch x 3/4 inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's actual cost of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

The fees in this Section are subject to the tax considerations noted in Section G below.

D. Customer Account Charge – (New customers only) \$30.00

A one-time fee to defray the costs of initiating service.

E. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R.103-732.5, a reconnection fee shall be due in the amount of \$40.00 and shall be due prior to the Utility reconnecting service.

F. Tampering Charge: In the event the Utility's equipment, water mains, water lines, meters, curb stops, service lines, valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.

G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

**Blue Granite Water Company  
Docket No. 2019-290-WS  
SCHEDULE OF PROPOSED RATES AND CHARGES**

**SEWER**

**Service Territory 1 and 2**

**Monthly Charges – Sewer Collection & Treatment Only**

Where sewage collection and treatment are provided through facilities owned and operated by the Utility, the following rates apply:

Residential - charge per single-family house, condominium, villa, or apartment unit:	\$101.30 per unit
Mobile Homes:	\$73.94 per unit
Commercial	\$101.30 per SFE*

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

**Monthly Charges – Sewer Collection Only**

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

Residential – per single-family house, condominium, or apartment unit	\$47.10 per unit
Sewer Treatment Charge	\$54.20 per unit
Commercial	\$47.10 per SFE*
Sewer Treatment Charge	\$54.20 per SFE*
The Village Sewer Collection	\$52.71 per SFE*

\* Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

**Purchased Wastewater Expense Rate Adjustment Mechanism**

“Sewer Collection Only” customers are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased wastewater treatment provider rate changes.

The monthly flat rate is calculated using customer data from the most recent annual reconciliation period. The flat rate adjustment is calculated by taking the adjustment in purchased wastewater treatment expenses caused by known and measurable changes in rates from third party wholesale providers and dividing by the total number of wastewater billing units at the end of the annual reconciliation period. The flat rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

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**SCHEDULE OF PROPOSED RATES AND CHARGES**

**Storm Reserve Fund Surcharge**

Each sewer customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

SEWER SERVICE  
TERMS AND CONDITIONS  
AND  
NON-RECURRING CHARGES

**1. Terms and Conditions**

- A. Where the Utility is required under the terms of a 201/208 Plan, or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.
- B. The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.
- C. Billing Cycle  
Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.
- D. Toxic and Pretreatment Effluent Guidelines  
The utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.
- E. Extension of Utility Service Lines and Mains  
The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems.

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However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, and pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving sewer system.

In no event will the Utility be required to construct additional sewer treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

- F. A Single Family Equivalent ("SFE") shall be determined by 6 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service, plant impact fee and tap fee. The Company shall have the right to request and receive water usage records from the water provider to its customers. In addition, the Company shall have the right to conduct an inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Company shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.
- G. The liability of the Company, its agents and employees for damages arising out of interruption of service or the failure to furnish service, whether caused by acts or omission, shall be limited to those remedies provided in the Public Service Commission's rules and regulations governing wastewater utilities.

**2. Solids Interceptor Tanks**

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

- A. Pumping Charge  
 On such regular intervals as the Utility deems prudent, or upon discovery that excessive solids have accumulated in the interceptor tank, the Utility will arrange for the customer's tank to be pumped out and cleaned. The Utility shall bill the customer for the actual cost to the Utility of pumping and cleaning the tank, including the Utility's cost to access the tank ("Pumping Charge"). The Pumping Charge will be included as a separate line item on the next regular billing to the customer. Alternatively, at the customer's request, the Pumping Charge may be billed to the customer in twelve equal monthly installments..
- B. Pump Repair or Replacement Charge  
 If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or

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replaced as required and will include the cost of such repair or replacement as a separate item in the next regular billing to the customer and may be paid for over a one-year period.

**C. Visual Inspection Port**

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

**3. Non-recurring Charges**

- |  |                |
|--|----------------|
| A. Sewer Service Connection (New connections only) | \$300 per SFE* |
| B. Plant Capacity Fee (New connections only)       | \$400 per SFE* |

The fees in this Section are subject to the tax considerations noted in Section G below.

The Plant Capacity Fee shall be computed by using South Carolina DHEC "Guide Lines for Unit Contributory Loadings to Wastewater Treatment Facilities" (1972) to determine the single family equivalency rating. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing treatment and/or collection system facilities that are essential to provide adequate treatment and disposal of the wastewater generated by the development of the new property.

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

**C. Notification Fee**

A fee of \$15.00 shall be charged to each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

- |   |         |
|---|---------|
| D. Customer Account Charge - (New customers only) | \$30.00 |
|---|---------|

A one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.

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- E. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R. 103-532.4 a reconnection fee in the amount of \$500.00 shall be due at the time the customer reconnects service. Where an elder valve has been previously installed, a reconnection fee of \$40.00 shall be charged.
- F. Tampering Charge: In the event the Utility's equipment, sewage pipes, meters, curb stops, service lines, elder valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.
- G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

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**SCHEDULE OF PROPOSED RATES AND CHARGES**

**WATER**

**Service Territory 1**

**Monthly Charges - Water Supply Customers Only**

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
<u>Residential</u>		
Base Facilities Charge per single-family house, condominium, mobile home, or apartment unit	\$ 14.38 per unit	<u>\$ 22.09 per unit</u>
Residential Commodity Charge	\$ 5.59 per 1,000 gal. or 134 cft.	<u>\$ 8.59 per 1,000 gal. or 134 cft.</u>
<u>Commercial</u>		
Base Facilities Charge by meter size		
5/8" meter *	\$ 14.38 per unit	<u>\$ 22.09 per unit</u>
3/4" meter	\$ 14.38 per unit	<u>\$ 22.09 per unit</u>
1" meter	\$ 37.43 per unit	<u>\$ 55.24 per unit</u>
1.5" meter	\$ 74.86 per unit	<u>\$ 110.47 per unit</u>
2" meter	\$ 119.78 per unit	<u>\$ 176.76 per unit</u>
3" meter	\$ 224.59 per unit	<u>\$ 331.42 per unit</u>
4" meter	\$ 374.42 per unit	<u>\$ 552.37 per unit</u>
8" meter	\$1,150.51 per unit	<u>\$1,767.59 per unit</u>
Commercial Commodity Charge	\$ 5.59 per 1,000 gal. or 134 cft.	<u>\$ 8.59 per 1,000 gal. or 134 cft.</u>

**Monthly Charges - Water Distribution Customers Only**

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

<u>Residential</u>		
Base Facilities Charge per single-family house, condominium, mobile home, or apartment unit	\$14.38 per unit	<u>\$22.09 per unit</u>
Residential <del>Distribution</del> Commodity Charge	\$ 7.55 per 1,000 gal. or 134 cft.	<u>\$ 4.75 per 1,000 gal. or 134 cft.</u>
<u>Purchased Water Charge</u>	<u>\$ N/A per 1,000 gal. or 134 cft.</u>	<u>\$ 6.85 per 1,000 gal. or 134 cft.</u>

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	<u>Current</u>	<u>Proposed</u>
<u>Commercial</u>		
Base Facilities Charge		
by meter size		
5/8" meter *	\$ 14.38 per unit	<u>\$ 22.09 per unit</u>
3/4" meter	\$ 14.38 per unit	<u>\$ 22.09 per unit</u>
1" meter	\$ 37.43 per unit	<u>\$ 55.24 per unit</u>
1.5" meter	\$ 74.86 per unit	<u>\$ 110.47 per unit</u>
2" meter	\$ 119.78 per unit	<u>\$ 176.76 per unit</u>
3" meter	\$ 224.59 per unit	<u>\$ 331.42 per unit</u>
4" meter	\$ 374.42 per unit	<u>\$ 552.37 per unit</u>
8" meter	\$1,150.51 per unit	<u>\$1,767.59 per unit</u>
Commercial <del>Distribution</del> <del>Commodity</del> Charge	\$ 7.55 per 1,000 gal. or 134 cft.	<u>\$ 4.75 per 1,000 gal.</u> <u>or 134 cft.</u>
<u>Purchased Water Charge</u>	\$ N/A per 1,000 gal. or 134 cft.	<u>\$ 6.85 per 1,000 gal.</u> <u>or 134 cft.</u>

**\*A "Fire Line" customer will be billed a monthly base facilities charge of a 5/8" meter or at the rate of any other meter size used as a detector.**

#### **Hydrant Meter Program**

A contractor, developer, or other commercial customer (the "Hydrant Customer") requiring water service for a limited duration, where no other water service is available to the customer, may, where practicable, take water service from the Utility's nearest available hydrant. In such cases, the Hydrant Customer shall obtain from the Utility a 2-inch meter and affix the meter to the hydrant(s) closest to its work site(s). The Hydrant Customer shall be charged the appropriate Base Facilities Charge for a 2-inch meter and for actual water consumption. Every 25 to 35 days, the Hydrant Customer shall make the meter available to the Utility for the reading of its water usage and associated monthly billing. In addition, the Hydrant Customer shall pay Utility a deposit of \$1,100.00, which represents the approximate cost of the meter, prior to receiving the 2-inch meter. The Utility shall refund the Hydrant Customer's deposit upon the prompt return of the meter in good working order. If the meter is lost or determined to be damaged upon return, the Utility may withhold all, or a portion, of the deposit amount as reasonable compensation for the Utility's loss.

#### **Purchased Water Expense Rate Adjustment Mechanism**

"Water Distribution Customers Only" for Water Service Territory 1 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate adjustment is calculated using customer and consumption data from the annual reconciliation period. The commodity rate adjustment is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 1 in the annual reconciliation period. The average consumption is determined by taking the total water consumption for the annual reconciliation period and dividing it by the total number of water billing units for the annual reconciliation period. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the commodity rate adjustment required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average



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consumption per 1,000 gallons. The commodity rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

**Storm Reserve Fund Surcharge**

Each water customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

**Service Territory 2**

**Monthly Charges - Water Supply Customers**

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
<b><u>Residential</u></b>		
Base Facilities Charge per single-family house, condominium, mobile home or apartment unit:	\$28.59 per unit	<u>\$38.58 per unit</u>
Residential Commodity Charge	\$10.27 per 1,000 gal. or 134 cft.	<u>\$13.86 per 1,000 gal. or 134 cft.</u>
<b><u>Commercial</u></b>		
Base Facilities Charge by meter size		
5/8" meter*	\$ 28.59 per unit	<u>\$ 38.58 per unit</u>
1" meter	\$ 79.59 per unit	<u>\$ 96.45 per unit</u>
1.5" meter	\$ 146.27 per unit	<u>\$192.89 per unit</u>
3" meter	\$ 499.14 per unit	<u>\$578.67 per unit</u>
Commercial <del>Distribution</del> Commodity Charge	\$ 10.27 per 1,000 gal. or 134 cft.	<u>\$13.86 per 1,000 gal. or 134 cft.</u>

**Monthly Charges - Water Distribution Customers Only**

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

<b><u>Residential</u></b>		
Base Facilities Charge per single-family house, condominium, mobile home or apartment unit:	\$ 28.59 per unit	<u>\$ 38.58 per unit</u>
Residential <del>Distribution</del> Commodity Charge	\$11.85 per 1,000 gal. or 134 cft.	<u>\$ 4.91 per 1,000 gal. or 134 cft.</u>
<u>Purchased Water Charge</u>	<u>\$ N/A per 1,000 gal. or 134 cft.</u>	<u>\$ 11.08 per 1,000 gal. or 134 cft.</u>

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Commercial

Base Facilities Charge by meter size:

5/8" meter*	\$ 28.59 per unit	<u>\$ 38.58 per unit</u>
1" meter	\$ 79.59 per unit	<u>\$ 96.45 per unit</u>
1.5" meter	\$ 146.27 per unit	<u>\$192.89 per unit</u>
3" meter	\$ 499.14 per unit	<u>\$578.67 per unit</u>

Commercial <del>Distribution</del> <del>Commodity</del> Charge	\$ 11.85 per 1,000 gal. or 134 cft.	<u>\$ 4.91 per 1,000 gal. or 134 cft.</u>
<u>Purchased Water Charge</u>	<u>\$ N/A per 1,000 gal. or 134 cft.</u>	<u>\$ 11.08 per 1,000 gal. or 134 cft.</u>

**\*A "Fire Line" customer will be billed a monthly base facilities charge of a 5/8" meter or at the rate of any other meter size used as a detector.**

**Hydrant Meter Program**

A contractor, developer, or other commercial customer (the "Hydrant Customer") requiring water service for a limited duration, where no other water service is available to the customer, may, where practicable, take water service from the Utility's nearest available hydrant. In such cases, the Hydrant Customer shall obtain from the Utility a 2-inch meter and affix the meter to the hydrant(s) closest to its work site(s). The Hydrant Customer shall be charged the appropriate Base Facilities Charge for a 2-inch meter and for actual water consumption. Every 25 to 35 days, the Hydrant Customer shall make the meter available to the Utility for the reading of its water usage and associated monthly billing. In addition, the Hydrant Customer shall pay Utility a deposit of \$1,100.00, which represents the approximate cost of the meter, prior to receiving the 2-inch meter. The Utility shall refund the Hydrant Customer's deposit upon the prompt return of the meter in good working order. If the meter is lost or determined to be damaged upon return, the Utility may withhold all, or a portion, of the deposit amount as reasonable compensation for the Utility's loss.

**Purchased Water Expense Rate Adjustment Mechanism**

"Water Distribution Customers Only" for Water Service Territory 2 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate adjustment is calculated using customer and consumption data from the annual reconciliation period. The commodity rate adjustment is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 2 in the annual reconciliation period. The average consumption is determined by taking the total water consumption for the annual reconciliation period and dividing it by the total number of water billing units for the annual reconciliation period. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the commodity rate adjustment required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The commodity rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

**Storm Reserve Fund Surcharge**

Each water customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be

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suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

WATER SERVICE  
TERMS AND CONDITIONS  
AND  
NON-RECURRING CHARGES

**1. Terms and Conditions**

A. Where the Utility is required by regulatory authority with jurisdiction over the Utility to interconnect to the water supply system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will also be charged to the Utility's affected customers on a pro rata basis, without markup.

B. Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

C. The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master water meter or a single water connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

D. When, because of the method of water line installation utilized by the developer or owner, it is impractical to meter each unit separately, service will be provided through a single meter, and consumption of all units will be averaged; a bill will be calculated based on that average and the result multiplied by the number of units served by a single meter.

**E. Billing Cycle**

Recurring charges will be billed monthly in arrears. Nonrecurring charges will be billed and collected in advance of service being provided.

**F. Extension of Utility Service Lines and Mains**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to connect to its water system. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, and pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless water supply is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving water system. In no event will the Utility be required to construct additional water supply capacity to serve any customer or entity without an agreement acceptable to the Utility first having been

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reached for the payment of all costs associated with adding water supply capacity to the affected water system.

**G. Cross-Connection Inspection**

Any customer installing, permitting to be installed, or maintain any cross connection between the Utilities water system and any other non-public water system, sewer, or a line from any container of liquids or other substances, must install an approved back-flow prevention device in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2, as may be amended for time to time. Such a customer shall have such cross connection inspected by a licensed certified tester and provide to Utility a copy of written inspection report indicating the back-flow device is functioning properly and testing results submitted by the tester in accordance with 24A S.C. Code Ann. Regs. R.61-58.7.F.2, as may be amended from time to time. Said report and results must be provided by the customer to the Utility no later June 30<sup>th</sup> of each year for required commercial customers and no later than June 30<sup>th</sup> of every other year for required residential customers. Should a customer subject to these requirements fail to timely provide such report and results, Utility may arrange for inspection and testing by a licensed certified tester and add the charges incurred by the Utility in that regard to the customer's next bill. If after inspection and testing by the Utility's certified tester, the back-flow device fails to function properly, the customer will be notified and given a 30 day period in which to have the back-flow device repaired or replaced with a subsequent follow-up inspection by a licensed certified tester indicating the back-flow device is functioning properly. Failure to submit a report indicating the back-flow device is functioning properly will result in discontinuation of water service to said customer until such time as a passing inspection report is received by Utility.

H. A Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 6 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee. The Company shall have the right to request and receive water usage records from the water provider to its customers. In addition, the Company shall have the right to conduct an inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Company shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

I. The liability of the Company, its agents and employees for damages arising out of interruption of service or the failure to furnish service, whether caused by acts or omission, shall be limited to those remedies provided in the Public Service Commission's rules and regulations governing water utilities.

**2. Non-Recurring Charges**

A. Water Service Connection (New connections only) - \$300 per SFE\*

B. Plant Impact Fee (New connections only) - \$400 per SFE\*

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The fees in this Section are subject to the tax considerations noted in Section G below.

The Plant Capacity Fee reflects the portion of plant capacity which will be used to provide service to the new customers as authorized by Commission Rule R. 103-702.13. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing water production, treatment and/or distribution facilities that are essential to provide adequate water service to the new customer's property.

C. Water Meter Installation - 5/8 inches x 3/4 inches meter \$45.00

All 5/8 inch x 3/4 inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$45 shall be due upon installation for those locations where no 5/8 inch x 3/4 inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's actual cost of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

The fees in this Section are subject to the tax considerations noted in Section G below.

D. Customer Account Charge – (New customers only) \$30.00

A one-time fee to defray the costs of initiating service.

E. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R.103-732.5, a reconnection fee shall be due in the amount of \$40.00 and shall be due prior to the Utility reconnecting service.

F. Tampering Charge: In the event the Utility's equipment, water mains, water lines, meters, curb stops, service lines, valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.

G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

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**SEWER**

**Service Territory 1 and 2**

**Monthly Charges – Sewer Collection & Treatment Only**

Where sewage collection and treatment are provided through facilities owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Residential - charge per single-family house, condominium, villa, or apartment unit:	\$65.08 per unit	<u>\$101.30 per unit</u>
Mobile Homes:	\$47.50 per unit	<u>\$73.94 per unit</u>
Commercial	\$65.08 per SFE*	<u>\$101.30 per SFE*</u>

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

**Monthly Charges – Sewer Collection Only**

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

Residential – per single-family house, condominium, or apartment unit	\$65.08 per unit	<u>\$47.10 per unit</u>
<u>Sewer Treatment Charge</u>	<u>\$ N/A per unit</u>	<u>\$54.20 per unit</u>
Commercial	\$65.08 per SFE*	<u>\$47.10 per SFE*</u>
<u>Sewer Treatment Charge</u>	<u>\$ N/A per SFE*</u>	<u>\$54.20 per SFE*</u>
<del>Wholesale Service (Midlands Utility)</del>	<del>\$N/A per SFE*</del>	
The Village Sewer Collection	\$33.86 per SFE*	<u>\$52.71 per SFE*</u>

\* Single Family Equivalent (SFE) shall be determined by using the South Carolina Department of Health and Environmental Control Guidelines for Unit Contributory Loadings for Domestic Wastewater Treatment Facilities -- 25 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service and tap fee.

**Purchased Wastewater Expense Rate Adjustment Mechanism**

“Sewer Collection Only” customers are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased wastewater treatment provider rate changes.

The monthly flat rate is calculated using customer data from the most recent annual reconciliation period. The flat rate adjustment is calculated by taking the adjustment in purchased wastewater treatment expenses caused by

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known and measurable changes in rates from third party wholesale providers and dividing by the total number of wastewater billing units at the end of the annual reconciliation period. The flat rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

**Storm Reserve Fund Surcharge**

Each sewer customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

**SEWER SERVICE  
TERMS AND CONDITIONS  
AND  
NON-RECURRING CHARGES**

**1. Terms and Conditions**

- A. Where the Utility is required under the terms of a 201/208 Plan, or by other regulatory authority with jurisdiction over the Utility, to interconnect to the sewage treatment system of a government body or agency or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rata basis, without markup.
- B. The Utility will, for the convenience of the owner, bill a tenant in a multi-unit building, consisting of four or more residential units (or in such other circumstances as the law may allow from time to time), which is served by a master sewer meter or a single sewer connection. However, in such cases all arrearages must be satisfied before service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.
- C. Billing Cycle  
Recurring charges will be billed monthly in arrears. Non-recurring charges will be billed and collected in advance of service being provided.

**D. Toxic and Pretreatment Effluent Guidelines**

The utility will not accept or treat any substance or material that has not been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR 403.5 and 403.6 are to be processed according to pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.



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**E. Extension of Utility Service Lines and Mains**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into one of its sewer systems. However, anyone or entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to any appropriate connection point, and pay the appropriate fees and charges as set forth in this rate schedule, and comply with the guidelines and standards hereof, shall not be denied service unless sewer capacity is unavailable or unless the South Carolina Department of Health and Environmental Control or other government entity has for any reason restricted the Utility from adding additional customers to the serving sewer system.

In no event will the Utility be required to construct additional sewer treatment capacity to serve any customer or entity without an agreement acceptable to the Utility first having been reached for the payment of all costs associated with adding wastewater treatment capacity to the affected sewer system.

F. A Single Family Equivalent ("SFE") shall be determined by 6 S.C. Code Ann. Regs. 61-67 Appendix A, as may be amended from time to time. Where applicable, such guidelines shall be used for determination of the appropriate monthly service, plant impact fee and tap fee. The Company shall have the right to request and receive water usage records from the water provider to its customers. In addition, the Company shall have the right to conduct an inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Company shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

G. The liability of the Company, its agents and employees for damages arising out of interruption of service or the failure to furnish service, whether caused by acts or omission, shall be limited to those remedies provided in the Public Service Commission's rules and regulations governing wastewater utilities.

**2. Solids Interceptor Tanks**

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

**A. Pumping Charge**

~~—On such regular intervals as the Utility deems prudent, or upon discovery At such time as the Utility determines through its inspection~~ that excessive solids have accumulated in the interceptor tank, the Utility will arrange for the customer's pumping tank to be pumped out and cleaned. The Utility shall bill the customer for the actual cost to the Utility of pumping and cleaning the tank, including the Utility's cost to access the tank ("Pumping Charge"). The Pumping Charge will be included as a separate line item on the next regular billing to the customer. Alternatively, at the customer's request, the Pumping Charge may be billed to the



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~~customer in twelve equal monthly installments and will include \$150.00 as a separate item in the next regular billing to the customer.~~

**B. Pump Repair or Replacement Charge**

If a separate pump is required to transport the customer's sewage from solids interceptor tank to the Utility's sewage collection system, the Utility will arrange to have this pump repaired or replaced as required and will include the cost of such repair or replacement as a separate item in the next regular billing to the customer and may be paid for over a one-year period.

**C. Visual Inspection Port**

In order for a customer who uses a solids interceptor tank to receive sewage service from the Utility or to continue to receive such service, the customer shall install at the customer's expense a visual inspection port which will allow for observation of the contents of the solids interceptor tank and extraction of test samples therefrom. Failure to provide such visual inspection port after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

**3. Non-recurring Charges**

A. Sewer Service Connection (New connections only)      \$300 per SFE\*

B. Plant Capacity Fee (New connections only)      \$400 per SFE\*

The fees in this Section are subject to the tax considerations noted in Section G below.

The Plant Capacity Fee shall be computed by using South Carolina DHEC "Guide Lines for Unit Contributory Loadings to Wastewater Treatment Facilities" (1972) to determine the single family equivalency rating. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing treatment and/or collection system facilities that are essential to provide adequate treatment and disposal of the wastewater generated by the development of the new property.

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

**C. Notification Fee**

A fee of \$15.00 shall be charged to each customer per notice to whom the Utility mails the notice as required by Commission Rule R. 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating the cost.

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D. Customer Account Charge - (New customers only)                      \$30.00

A one-time fee to defray the costs of initiating service. This charge will be waived if the customer is also a water customer.

E. Reconnection Charges: In addition to any other charges that may be due, in those cases where a customer's service has been disconnected for any reason as set forth in Commission Rule R. 103-532.4 a reconnection fee in the amount of \$500.00 shall be due at the time the customer reconnects service. Where an elder valve has been previously installed, a reconnection fee of \$40.00 shall be charged.

F. Tampering Charge: In the event the Utility's equipment, sewage pipes, meters, curb stops, service lines, elder valves or other facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, not to exceed \$250. The tampering charge shall be paid in full prior to the Utility re-establishing service or continuing the provision of service.

G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

# EXHIBIT B

Financials:

Schedules A through G

# Schedule A

**Blue Granite Water Company - Consolidated**  
**Balance Sheet**  
**June 30, 2019**

**Schedule A - Service Territory 1 and Service Territory 2**  
**Page 1 of 1**

<u>ASSETS</u>	
=====	
Plant In Service	
Water	\$ 47,877,407
Sewer	<u>55,779,291</u>
Total	<u>\$ 103,656,697</u>
Accumulated Depreciation-Water	\$ (8,636,533)
Accumulated Depreciation-Sewer	(7,554,311)
Total	<u>\$ (16,190,845)</u>
Net Utility Plant	<u>\$ 87,465,852</u>
Plant Acquisition Adjustment-Water	\$ (749,233)
Plant Acquisition Adjustment-Sewer	<u>(82,045)</u>
Total	<u>\$ (831,278)</u>
Plant Held for Future Use - Water	\$ -
Plant Held for Future Use - Sewer	-
Plant Held for Future Use - Reuse	<u>-</u>
Total	<u>\$ -</u>
Construction Work In Process-Water	\$ 1,919,202
Construction Work In Process-Sewer	<u>4,453,812</u>
Total	<u>\$ 6,373,014</u>
Current Assets	
Cash	\$ 7,660
Accounts Receivable - Net	(19,762,076)
Other Current Assets	<u>34,947</u>
Total	<u>\$ (19,719,469)</u>
Deferred Charges	<u>\$ 4,007,113</u>
TOTAL ASSETS	<u>\$ 77,295,232</u>

<u>LIABILITIES AND OTHER CREDITS</u>	
=====	
Capital Stock and Retained Earnings	
Common Stock and Paid In Capital	\$ 24,499,375
Retained Earnings	7,354,870
Total	<u>\$ 31,854,245</u>
Current and Accrued Liabilities	
Accounts Payable-Trade	\$ 1,249,763
Taxes Accrued	1,607,118
Customer Deposits	322,560
Customer Deposits - Interest	11,790
A/P - Assoc. Companies	13,846,893
Total	<u>\$ 17,038,125</u>
Deferred Credits	
Water	\$ 2,450,096
Sewer	1,982,122
Total	<u>\$ 4,432,218</u>
Advances In Aid of Construction	
Water	\$ -
Sewer	-
Total	<u>\$ -</u>
Contributions In Aid of Construction	
Water	\$ 9,132,706
Sewer	11,167,297
Total	<u>\$ 20,300,002</u>
Accumulated Deferred Income Tax	
Unamortized ITC	\$ 147,726
Deferred Tax - Federal	3,337,827
Deferred Tax - State	185,090
Total	<u>\$ 3,670,643</u>
TOTAL LIABILITIES AND OTHER CREDITS	<u>\$ 77,295,232</u>

\*Note - The balance sheet reflects the total assets, liabilities, and equity of Blue Granite Water Company.

# Schedule B

**Blue Granite Water Company - Consolidated  
Combined Operations  
June 30, 2019**

**Schedule B - Service Territory 1 and Service Territory 2  
Page 1 of 4**

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase		Pro Forma Proposed
<b>Operating Revenues</b>							
Service Revenues - Water	\$ 11,868,922	\$ 481,681 [a]		\$ 12,350,602	\$ 5,575,957 [k]		\$ 17,926,560
Service Revenues - Sewer	10,929,933	129,970 [a]		11,059,903	6,155,846 [k]		17,215,748
Miscellaneous Revenues	445,567	-		445,567	-		445,567
Uncollectible Accounts	(250,472)	(6,279) [b]		(256,751)	(142,266) [l]		(399,017)
<b>Total Operating Revenues</b>	<b>\$ 22,993,950</b>	<b>\$ 605,371</b>		<b>\$ 23,599,321</b>	<b>\$ 11,589,537</b>		<b>\$ 35,188,858</b>
<b>Maintenance Expenses</b>							
Salaries and Wages	\$ 2,670,783	\$ (1,155,286) [c]		\$ 1,515,496	\$ -		\$ 1,515,496
Capitalized Time	(333,423)	58,345 [c]		(275,077)	-		(275,077)
Purchased Power	771,661	-		771,661	-		771,661
Purchased Sewer & Water - Pass Through	5,266,724	3,575,302 [p]		8,842,027	-		8,842,027
Maintenance and Repair	3,031,412	1,163,398 [m] [n] [t]		4,194,810	-		4,194,810
Maintenance Testing	314,455	(174,415) [n]		140,040	-		140,040
Meter Reading	112,607	(72,816) [n] [v]		39,790	-		39,790
Chemicals	360,819	(99,043) [n] [v]		261,775	-		261,775
Transportation	238,985	(99,425) [n]		139,559	-		139,559
Operating Exp. Charged to Plant	-	-		-	-		-
<b>Total</b>	<b>\$ 12,434,022</b>	<b>\$ 3,196,060</b>		<b>\$ 15,630,082</b>	<b>\$ -</b>		<b>\$ 15,630,082</b>
<b>General Expenses</b>							
Salaries and Wages	\$ 871,624	\$ 517,333 [c]		\$ 1,388,956	\$ -		\$ 1,388,956
Office Supplies & Other Office Exp.	1,980,731	(1,526,786) [j] [v]		453,945	-		453,945
Regulatory Commission Exp.	138,293	107,526 [d] [v]		245,819	-		245,819
Pension & Other Benefits	779,623	(62,113) [c]		717,510	-		717,510
Rent	97,022	95,825 [r]		192,847	-		192,847
Insurance	348,324	201,242 [s]		549,566	-		549,566
Office Utilities	491,952	(27,003) [n]		464,949	-		464,949
Outside Services - Other	1,062,984	(148,029) [u] [v]		914,955	-		914,955
Non-Utility Misc Income	442,690	(442,690) [o]		-	-		-
Miscellaneous	61,300	11,243 [q]		72,543	-		72,543
<b>Total</b>	<b>\$ 6,274,542</b>	<b>\$ (1,273,452)</b>		<b>\$ 5,001,090</b>	<b>\$ -</b>		<b>\$ 5,001,090</b>
<b>Depreciation</b>	<b>\$ 1,788,412</b>	<b>\$ 2,093,636</b> [e]		<b>\$ 3,882,048</b>	<b>\$ -</b>		<b>\$ 3,882,048</b>
Amortization of CIAC	(406,509)	(618,101) [e]		(1,024,611)	-		(1,024,611)
Taxes Other Than Income	3,499,587	531,858 [f]		4,031,446	61,860 [f]		4,093,305
Income Taxes - Federal	(431,983)	(884,774) [g]		(1,316,757)	2,299,772 [g]		983,014
Income Taxes - State	(185,161)	(112,507) [g]		(297,668)	576,384 [g]		278,716
Sale of Utility Property	(20,252)	20,252 [o]		-	-		-
Amort. Investment Tax Credit	(8,854)	-		(8,854)	-		(8,854)
Amortization of PAA	(15,713)	-		(15,713)	-		(15,713)
<b>Total</b>	<b>\$ 4,219,527</b>	<b>\$ 1,030,364</b>		<b>\$ 5,249,891</b>	<b>\$ 2,938,015</b>		<b>\$ 8,187,906</b>
<b>Total Operating Expenses</b>	<b>\$ 22,928,091</b>	<b>\$ 2,952,972</b>		<b>\$ 25,881,063</b>	<b>\$ 2,938,015</b>		<b>\$ 28,819,078</b>
<b>Net Operating Income</b>	<b>\$ 65,859</b>	<b>\$ (2,347,601)</b>		<b>\$ (2,281,742)</b>	<b>\$ 8,651,522</b>		<b>\$ 6,369,780</b>
<b>Interest During Construction</b>	<b>\$ (172,635)</b>	<b>\$ 172,635</b> [h]		<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
<b>Interest on Debt</b>	<b>1,828,315</b>	<b>228,871</b> [i]		<b>2,057,186</b>	<b>-</b>		<b>2,057,186</b>
<b>Net Income</b>	<b>\$ (1,589,821)</b>	<b>\$ (2,749,107)</b>		<b>\$ (4,338,928)</b>	<b>\$ 8,651,522</b>		<b>\$ 4,312,594</b>

**Blue Granite Water Company - Consolidated  
Water Operations  
June 30, 2019**

**Schedule B - Service Territory 1 and Service Territory 2  
Page 2 of 4**

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase		Pro Forma Proposed
<b>Operating Revenues</b>							
Service Revenues - Water	\$ 11,868,922	\$ 481,681	[a]	\$ 12,350,602	\$ 5,575,957	[k]	\$17,926,560
Service Revenues - Sewer	-	-		-	-		-
Miscellaneous Revenues	200,130	-		200,130	-		200,130
Uncollectible Accounts	(140,739)	(4,735)	[b]	(145,473)	(65,936)	[l]	(211,409)
<b>Total Operating Revenues</b>	<b>\$ 11,928,313</b>	<b>\$ 476,946</b>		<b>\$ 12,405,259</b>	<b>\$ 5,510,022</b>		<b>\$ 17,915,280</b>
<b>Maintenance Expenses</b>							
Salaries and Wages	\$ 1,510,785	\$ (648,039)	[c]	\$ 862,746	\$ -		\$ 862,746
Capitalized Time	(173,152)	30,272	[c]	(142,880)	-		(142,880)
Purchased Power	252,374	-		252,374	-		252,374
Purchased Water - Pass Through	3,621,716	968,134	[p]	4,589,850	-		4,589,850
Maintenance and Repair	1,069,178	907,902	[m] [n] [t]	1,977,081	-		1,977,081
Maintenance Testing	137,070	(81,313)	[n]	55,757	-		55,757
Meter Reading	76,523	(53,688)	[n] [v]	22,836	-		22,836
Chemicals	187,191	(39,683)	[n] [v]	147,508	-		147,508
Transportation	136,823	(56,925)	[n]	79,898	-		79,898
Operating Exp. Charged to Plant	-	-		-	-		-
<b>Total</b>	<b>\$ 6,818,508</b>	<b>\$ 1,026,661</b>		<b>\$ 7,845,169</b>	<b>\$ -</b>		<b>\$ 7,845,169</b>
<b>General Expenses</b>							
Salaries and Wages	\$ 500,348	295,251	[c]	\$ 795,599	\$ -		\$ 795,599
Office Supplies & Other Office Exp.	1,059,289	(797,662)	[j] [v]	261,627	-		261,627
Regulatory Commission Exp.	79,388	62,908	[d] [v]	142,296	-		142,296
Pension & Other Benefits	447,730	(40,772)	[c]	406,958	-		406,958
Rent	64,653	54,596	[r]	119,249	-		119,249
Insurance	199,923	114,870	[s]	314,793	-		314,793
Office Utilities	277,541	(15,460)	[n]	262,081	-		262,081
Outside Services	610,409	(124,509)	[u] [v]	485,900	-		485,900
Non-Utility Misc Income	254,023	(254,023)	[o]	-	-		-
Miscellaneous	35,611	6,668	[q]	42,279	-		42,279
<b>Total</b>	<b>\$ 3,528,915</b>	<b>\$ (698,134)</b>		<b>\$ 2,830,781</b>	<b>\$ -</b>		<b>\$ 2,830,781</b>
<b>Depreciation</b>	<b>\$ 872,854</b>	<b>\$ 1,264,461</b>	<b>[e]</b>	<b>\$ 2,137,315</b>	<b>\$ -</b>		<b>\$ 2,137,315</b>
Amortization of CIAC	\$ (172,158)	(499,186)	[e]	(671,343)	-		(671,343)
Taxes Other Than Income	2,104,476	400,657	[f]	2,505,133	29,401	[f]	2,534,534
Income Taxes - Federal	(188,185)	(508,526)	[g]	(696,711)	1,093,384	[g]	396,673
Income Taxes - State	(75,410)	(80,115)	[g]	(155,524)	274,031	[g]	118,507
Sale of Utility Property	(48,219)	48,219	[o]	-	-		-
Amort. Investment Tax Credit	(4,214)	-		(4,214)	-		(4,214)
Amortization of PAA	(11,940)	-		(11,940)	-		(11,940)
<b>Total</b>	<b>\$ 2,477,206</b>	<b>\$ 625,511</b>		<b>\$ 3,102,717</b>	<b>\$ 1,396,816</b>		<b>\$ 4,499,533</b>
<b>Total Operating Expenses</b>	<b>\$ 12,824,628</b>	<b>\$ 954,038</b>		<b>\$ 13,778,667</b>	<b>\$ 1,396,816</b>		<b>\$ 15,175,483</b>
<b>Net Operating Income</b>	<b>\$ (896,315)</b>	<b>\$ (477,093)</b>		<b>\$ (1,373,408)</b>	<b>\$ 4,113,206</b>		<b>\$ 2,739,798</b>
<b>Interest During Construction</b>	<b>\$ (80,178)</b>	<b>\$ 80,178</b>	<b>[h]</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
Interest on Debt	1,093,233	(208,387)	[i]	884,846	-		884,846
<b>Net Income</b>	<b>\$ (1,909,370)</b>	<b>\$ (348,884)</b>		<b>\$ (2,258,254)</b>	<b>\$ 4,113,206</b>		<b>\$ 1,854,952</b>



**Blue Granite Water Company - Consolidated  
Sewer Operations  
June 30, 2019**

**Schedule B - Service Territory 1 and Service Territory 2  
Page 3 of 4**

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase	Pro Forma Proposed
<b>Operating Revenues</b>						
Service Revenues - Water	\$ -	\$ -		\$ -	\$ -	\$ -
Service Revenues - Sewer	10,929,933	129,970 [a]		11,059,903	6,155,846 [k]	17,215,748
Miscellaneous Revenues	245,437	-		245,437	-	245,437
Uncollectible Accounts	(109,733)	(1,544) [b]		(111,277)	(76,331) [l]	(187,608)
<b>Total Operating Revenues</b>	<b>\$ 11,065,637</b>	<b>\$ 128,426</b>		<b>\$ 11,194,062</b>	<b>\$ 6,079,515</b>	<b>\$ 17,273,577</b>
<b>Maintenance Expenses</b>						
Salaries and Wages	\$ 1,159,998	\$ (507,247) [c]		\$ 652,751	\$ -	\$ 652,751
Capitalized Time	(160,270)	28,073 [c]		(132,197)	-	(132,197)
Purchased Power	519,286	-		519,286	-	519,286
Purchased Sewer	1,645,009	2,607,168 [p]		4,252,177	-	4,252,177
Maintenance and Repair	1,962,233	255,496 [m] [n] [t]		2,217,729	-	2,217,729
Maintenance Testing	177,386	(93,102) [n]		84,284	-	84,284
Meter Reading	36,083	(19,128) [n] [v]		16,955	-	16,955
Chemicals	173,628	(59,361) [n] [v]		114,267	-	114,267
Transportation	102,162	(42,500) [n]		59,661	-	59,661
Operating Exp. Charged to Plant	-	-		-	-	-
<b>Total</b>	<b>\$ 5,615,514</b>	<b>\$ 2,169,399</b>		<b>\$ 7,784,913</b>	<b>\$ -</b>	<b>\$ 7,784,913</b>
<b>General Expenses</b>						
Salaries and Wages	\$ 371,276	222,081 [c]		\$ 593,357	\$ -	\$ 593,357
Office Supplies & Other Office Exp.	921,442	(729,124) [j] [v]		192,318	-	192,318
Regulatory Commission Exp.	58,905	44,618 [d] [v]		103,522	-	103,522
Pension & Other Benefits	331,893	(21,340) [c]		310,553	-	310,553
Rent	32,369	41,229 [r]		73,598	-	73,598
Insurance	148,400	86,372 [s]		234,773	-	234,773
Office Utilities	214,411	(11,543) [n]		202,868	-	202,868
Outside Services	452,575	(23,520) [u] [v]		429,055	-	429,055
Non-Utility Misc Income	188,667	(188,667) [o]		-	-	-
Miscellaneous	25,689	4,575 [q]		30,264	-	30,264
<b>Total</b>	<b>\$ 2,745,627</b>	<b>\$ (575,318)</b>		<b>\$ 2,170,309</b>	<b>\$ -</b>	<b>\$ 2,170,309</b>
<b>Depreciation</b>	<b>\$ 915,558</b>	<b>\$ 829,175</b> [e]		<b>\$ 1,744,733</b>	<b>\$ -</b>	<b>\$ 1,744,733</b>
Amortization of CIAC	(234,352)	(118,916) [e]		(353,267)	\$ -	(353,267)
Taxes Other Than Income	1,395,111	131,201 [f]		1,526,312	32,459 [f]	1,558,771
Income Taxes - Federal	(243,799)	(376,248) [g]		(620,047)	1,206,388 [g]	586,341
Income Taxes - State	(109,751)	(32,392) [g]		(142,143)	302,353 [g]	160,210
Sale of Utility Property	27,966	(27,966) [o]		-	-	-
Amort. Investment Tax Credit	(4,640)	-		(4,640)	-	(4,640)
Amortization of PAA	(3,773)	-		(3,773)	-	(3,773)
<b>Total</b>	<b>\$ 1,742,321</b>	<b>\$ 404,853</b>		<b>\$ 2,147,174</b>	<b>\$ 1,541,199</b>	<b>\$ 3,688,374</b>
<b>Total Operating Expenses</b>	<b>\$ 10,103,462</b>	<b>\$ 1,998,934</b>		<b>\$ 12,102,396</b>	<b>\$ 1,541,199</b>	<b>\$ 13,643,595</b>
<b>Net Operating Income</b>	<b>\$ 962,174</b>	<b>\$ (1,870,508)</b>		<b>\$ (908,334)</b>	<b>\$ 4,538,316</b>	<b>\$ 3,629,982</b>
<b>Interest During Construction</b>	<b>\$ (92,457)</b>	<b>\$ 92,457</b> [h]		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Interest on Debt</b>	<b>735,082</b>	<b>437,258</b> [i]		<b>1,172,340</b>	<b>-</b>	<b>1,172,340</b>
<b>Net Income</b>	<b>\$ 319,549</b>	<b>\$ (2,400,223)</b>		<b>\$ (2,080,674)</b>	<b>\$ 4,538,316</b>	<b>\$ 2,457,642</b>

**Blue Granite Water Company - Consolidated**  
**Explanation of Adjustments to Income Statement**

**Schedule B - Service Territory 1 and Service Territory 2**  
**Page 4 of 4**

- [a]** Revenues are annualized to reflect year end customers at current rates.
- [b]** Uncollectibles are adjusted at test year percentages for annualized revenues.
- [c]** Salaries, wages and benefits are adjusted for annualization for employees working at or for company 400, as of the time of filing preparation.  
In addition, capitalized time has been adjusted to reflect Test Year capitalized time percentage for the pro-forma employees.
- [d]** Regulatory expense has been adjusted for the total estimated cost of the filing of this case and the unamortized portion of the prior case and rehearing process, amortized over three years.  
Additionally, added costs for annual filing of Purchased Services Pass-Through Mechanism.
- [e]** Depreciation and amortization of CIAC are annualized at the pro-forma depreciation/amortization rates for this filing, applied to the pro-forma plant and CIAC balances noted in Schedule C.
- [f]** Taxes other than income are adjusted to annualize gross receipts, utility or commission taxes, and franchise taxes at present and proposed revenues.  
Taxes other than income also includes payroll taxes adjusted for the annualization of pro-forma salaries, and property tax adjustments related to pro-forma plant balances.
- [g]** Income taxes are computed on taxable income at current rates.
- [h]** AFUDC is eliminated for rate making purposes.
- [i]** Interest on debt has been computed by interest sync method using proposed balances - debt ratio \* cost of debt \* rate base.
- [j]** Excluded items from the Test Year have been removed.
- [k]** Revenues are increased to reflect Blue Granite Water Company's requested incremental revenue adjustment.
- [l]** Uncollectibles are adjusted at test year percentages for the requested incremental revenue adjustment.
- [m]** Deferred Maintenance Expense has been adjusted to reflect amortization of pro-forma activity.
- [n]** Adjust Test Year for Clearwater Solutions contract operator cost impacts.
- [o]** Sale of Utility Property and Non-Utility activity has been removed for ratemaking purposes.
- [p]** Purchased Expense has been adjusted to reflect pro-forma expense levels. Includes amortization of accumulated deferrals and annualization of current provider pricing.
- [q]** Include Customer Deposit Interest Expense as miscellaneous expense in revenue requirement.
- [r]** Adjusted Rent Expense for pro-forma annualized effective leases.
- [s]** Adjusted Insurance Expense based on most recent policy premiums and deductible costs, with pro-forma increase subject to update.
- [t]** Adjusted for amortization of deferrals for litigation costs, decommissioning costs, NBV of decommissioned assets.
- [u]** Corporate cost allocations from Corix parent are adjusted from the Test Year for annualization of actual expenses for most recent period.
- [v]** To Include other expense adjustment for new items determined in the post-Test Year period.

**Blue Granite Water Company - Service Territory 1**  
**Water Operations**  
**June 30, 2019**

**Schedule B - Service Territory 1**  
**Page 1 of 2**

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase		Pro Forma Proposed
<b>Operating Revenues</b>							
Service Revenues - Water	\$ 6,307,416	\$ 488,815	[a]	\$ 6,796,231	\$ 3,636,850	[k]	\$10,433,081
Service Revenues - Sewer	-	-		-	-		-
Miscellaneous Revenues	84,940	-		84,940	-		84,940
Uncollectible Accounts	(62,865)	(4,894)	[b]	(67,759)	(36,022)	[l]	(103,781)
<b>Total Operating Revenues</b>	<b>\$ 6,329,491</b>	<b>\$ 483,921</b>		<b>\$ 6,813,412</b>	<b>\$ 3,600,828</b>		<b>\$ 10,414,240</b>
<b>Maintenance Expenses</b>							
Salaries and Wages	\$ 842,497	\$ (418,426)	[c]	\$ 424,071	\$ -		\$ 424,071
Capitalized Time	(101,347)	20,623	[c]	(80,723)	-		(80,723)
Purchased Power	72,278	-		72,278	-		72,278
Purchased Water - Pass Through	2,859,944	807,853	[p]	3,667,797	-		3,667,797
Maintenance and Repair	628,927	628,506	[m] [n] [t]	1,257,433	-		1,257,433
Maintenance Testing	40,064	(33,211)	[n]	6,853	-		6,853
Meter Reading	31,148	(44,196)	[n] [v]	(13,049)	-		(13,049)
Chemicals	132,225	(25,360)	[n] [v]	106,865	-		106,865
Transportation	84,341	(35,837)	[n]	48,504	-		48,504
Operating Exp. Charged to Plant	-	-		-	-		-
<b>Total</b>	<b>\$ 4,590,077</b>	<b>\$ 899,952</b>		<b>\$ 5,490,029</b>	<b>\$ -</b>		<b>\$ 5,490,029</b>
<b>General Expenses</b>							
Salaries and Wages	\$ 308,198	184,082	[c]	\$ 492,280	\$ -		\$ 492,280
Office Supplies & Other Office Exp.	788,991	(631,168)	[j] [v]	157,824	-		157,824
Regulatory Commission Exp.	48,900	39,788	[d] [v]	88,688	-		88,688
Pension & Other Benefits	275,491	(54,671)	[c]	220,820	-		220,820
Rent	25,824	34,232	[r]	60,056	-		60,056
Insurance	123,183	71,596	[s]	194,780	-		194,780
Office Utilities	167,049	(9,733)	[n]	157,316	-		157,316
Outside Services	374,956	(44,170)	[u] [v]	330,786	-		330,786
Non-Utility Misc Income	156,637	(156,637)	[o]	-	-		-
Miscellaneous	21,275	3,584	[q]	24,859	-		24,859
<b>Total</b>	<b>\$ 2,290,504</b>	<b>\$ (563,096)</b>		<b>\$ 1,727,408</b>	<b>\$ -</b>		<b>\$ 1,727,408</b>
Depreciation	\$ 464,276	\$ 710,395	[e]	\$ 1,174,671	\$ -		\$ 1,174,671
Amortization of CIAC	\$ (164,957)	(473,764)	[e]	(638,721)	-		(638,721)
Taxes Other Than Income	1,111,788	238,794	[f]	1,350,582	19,176	[f]	1,369,759
Income Taxes - Federal	(154,415)	(409,000)	[g]	(563,414)	714,539	[g]	151,125
Income Taxes - State	(99,023)	(32,547)	[g]	(131,569)	179,083	[g]	47,513
Sale of Utility Property	(29,922)	29,922	[o]	-	-		-
Amort. Investment Tax Credit	(4,214)	-		(4,214)	-		(4,214)
Amortization of PAA	(13,504)	-		(13,504)	-		(13,504)
<b>Total</b>	<b>\$ 1,110,031</b>	<b>\$ 63,800</b>		<b>\$ 1,173,831</b>	<b>\$ 912,799</b>		<b>\$ 2,086,630</b>
<b>Total Operating Expenses</b>	<b>\$ 7,990,612</b>	<b>\$ 400,656</b>		<b>\$ 8,391,268</b>	<b>\$ 912,799</b>		<b>\$ 9,304,066</b>
<b>Net Operating Income</b>	<b>\$ (1,661,121)</b>	<b>\$ 83,265</b>		<b>\$ (1,577,856)</b>	<b>\$ 2,688,029</b>		<b>\$ 1,110,174</b>
Interest During Construction	\$ (74,253)	\$ 74,253	[h]	\$ -	\$ -		\$ -
Interest on Debt	562,651	(204,109)	[i]	358,542	-		358,542
<b>Net Income</b>	<b>\$ (2,149,518)</b>	<b>\$ 213,120</b>		<b>\$ (1,936,398)</b>	<b>\$ 2,688,029</b>		<b>\$ 751,632</b>

**Blue Granite Water Company - Service Territory 1**  
**Explanation of Adjustments to Income Statement**

**Schedule B - Service Territory 1**  
**Page 2 of 2**

- [a]** Revenues are annualized to reflect year end customers at current rates.
- [b]** Uncollectibles are adjusted at test year percentages for annualized revenues.
- [c]** Salaries, wages and benefits are adjusted for annualization for employees working at or for company 400, as of the time of filing preparation.  
In addition, capitalized time has been adjusted to reflect Test Year capitalized time percentage for the pro-forma employees.
- [d]** Regulatory expense has been adjusted for the total estimated cost of the filing of this case and the unamortized portion of the prior case and rehearing process, amortized over three years.  
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- [s]** Adjusted Insurance Expense based on most recent policy premiums and deductible costs, with pro-forma increase subject to update.
- [t]** Adjusted for amortization of deferrals for litigation costs, decommissioning costs, NBV of decommissioned assets.
- [u]** Corporate cost allocations from Corix parent are adjusted from the Test Year for annualization of actual expenses for most recent period.
- [v]** To Include other expense adjustment for new items determined in the post-Test Year period.

**Blue Granite Water Company - Service Territory 2**  
**Water Operations**  
**June 30, 2019**

**Schedule B - Service Territory 2**  
**Page 1 of 2**

	Per Books	Pro Forma Adjustments		Pro Forma Present	Proposed Increase		Pro Forma Proposed
<b>Operating Revenues</b>							
Service Revenues - Water	\$ 5,561,506	\$ (7,134)	[a]	\$ 5,554,371	\$ 1,939,107	[k]	\$7,493,479
Service Revenues - Sewer	-	-		-	-		-
Miscellaneous Revenues	115,189	-		115,189	-		115,189
Uncollectible Accounts	(77,873)	159	[b]	(77,714)	(29,913)	[l]	(107,628)
<b>Total Operating Revenues</b>	<b>\$ 5,598,822</b>	<b>\$ (6,975)</b>		<b>\$ 5,591,847</b>	<b>\$ 1,909,194</b>		<b>\$ 7,501,040</b>
<b>Maintenance Expenses</b>							
Salaries and Wages	\$ 668,288	\$ (229,614)	[c]	\$ 438,675	\$ -		\$ 438,675
Capitalized Time	(71,806)	9,649	[c]	(62,157)	-		(62,157)
Purchased Power	180,096	-		180,096	-		180,096
Purchased Water - Pass Through	761,771	160,282	[p]	922,053	-		922,053
Maintenance and Repair	440,252	279,396	[m] [n] [t]	719,648	-		719,648
Maintenance Testing	97,005	(48,102)	[n]	48,904	-		48,904
Meter Reading	45,376	(9,491)	[n] [v]	35,884	-		35,884
Chemicals	54,966	(14,322)	[n] [v]	40,644	-		40,644
Transportation	52,482	(21,088)	[n]	31,394	-		31,394
Operating Exp. Charged to Plant	-	-		-	-		-
<b>Total</b>	<b>\$ 2,228,430</b>	<b>\$ 126,709</b>		<b>\$ 2,355,140</b>	<b>\$ -</b>		<b>\$ 2,355,140</b>
<b>General Expenses</b>							
Salaries and Wages	\$ 192,149	111,169	[c]	\$ 303,319	\$ -		\$ 303,319
Office Supplies & Other Office Exp.	270,298	(166,494)	[j] [v]	103,803	-		103,803
Regulatory Commission Exp.	30,488	23,120	[d] [v]	53,608	-		53,608
Pension & Other Benefits	172,239	13,899	[c]	186,137	-		186,137
Rent	38,829	20,363	[r]	59,193	-		59,193
Insurance	76,740	43,274	[s]	120,014	-		120,014
Office Utilities	110,492	(5,727)	[n]	104,765	-		104,765
Outside Services	235,453	(80,339)	[u] [v]	155,114	-		155,114
Non-Utility Misc Income	97,387	(97,387)	[o]	-	-		-
Miscellaneous	14,337	3,084	[q]	17,420	-		17,420
<b>Total</b>	<b>\$ 1,238,411</b>	<b>\$ (135,038)</b>		<b>\$ 1,103,373</b>	<b>\$ -</b>		<b>\$ 1,103,373</b>
Depreciation	\$ 408,578	\$ 554,066	[e]	\$ 962,644	\$ -		\$ 962,644
Amortization of CIAC	\$ (7,201)	(25,422)	[e]	(32,623)	-		(32,623)
Taxes Other Than Income	992,688	161,863	[f]	1,154,551	10,225	[f]	1,164,776
Income Taxes - Federal	(33,770)	(99,526)	[g]	(133,296)	378,844	[g]	245,548
Income Taxes - State	23,613	(47,568)	[g]	(23,955)	94,948	[g]	70,993
Sale of Utility Property	(18,297)	18,297	[o]	-	-		-
Amort. Investment Tax Credit	-	-		-	-		-
Amortization of PAA	1,564	-		1,564	-		1,564
<b>Total</b>	<b>\$ 1,367,175</b>	<b>\$ 561,711</b>		<b>\$ 1,928,886</b>	<b>\$ 484,017</b>		<b>\$ 2,412,903</b>
<b>Total Operating Expenses</b>	<b>\$ 4,834,016</b>	<b>\$ 553,383</b>		<b>\$ 5,387,399</b>	<b>\$ 484,017</b>		<b>\$ 5,871,416</b>
<b>Net Operating Income</b>	<b>\$ 764,806</b>	<b>\$ (560,358)</b>		<b>\$ 204,448</b>	<b>\$ 1,425,176</b>		<b>\$ 1,629,624</b>
Interest During Construction	\$ (5,925)	\$ 5,925	[h]	\$ -	\$ -		\$ -
Interest on Debt	530,582	(4,278)	[i]	526,304	-		526,304
<b>Net Income</b>	<b>\$ 240,148</b>	<b>\$ (562,004)</b>		<b>\$ (321,856)</b>	<b>\$ 1,425,176</b>		<b>\$ 1,103,320</b>

**Blue Granite Water Company - Service Territory 2**  
**Explanation of Adjustments to Income Statement**

**Schedule B - Service Territory 2**  
**Page 2 of 2**

- [a]** Revenues are annualized to reflect year end customers at current rates.
- [b]** Uncollectibles are adjusted at test year percentages for annualized revenues.
- [c]** Salaries, wages and benefits are adjusted for annualization for employees working at or for company 400, as of the time of filing preparation.  
In addition, capitalized time has been adjusted to reflect Test Year capitalized time percentage for the pro-forma employees.
- [d]** Regulatory expense has been adjusted for the total estimated cost of the filing of this case and the unamortized portion of the prior case and rehearing process, amortized over three years.  
Additionally, added costs for annual filing of Purchased Services Pass-Through Mechanism.
- [e]** Depreciation and amortization of CIAC are annualized at the pro-forma depreciation/amortization rates for this filing, applied to the pro-forma plant and CIAC balances noted in Schedule C.
- [f]** Taxes other than income are adjusted to annualize gross receipts, utility or commission taxes, and franchise taxes at present and proposed revenues.  
Taxes other than income also includes payroll taxes adjusted for the annualization of pro-forma salaries, and property tax adjustments related to pro-forma plant balances.
- [g]** Income taxes are computed on taxable income at current rates.
- [h]** AFUDC is eliminated for rate making purposes.
- [i]** Interest on debt has been computed by interest sync method using proposed balances - debt ratio \* cost of debt \* rate base.
- [j]** Excluded items from the Test Year have been removed.
- [k]** Revenues are increased to reflect Blue Granite Water Company's requested incremental revenue adjustment.
- [l]** Uncollectibles are adjusted at test year percentages for the requested incremental revenue adjustment.
- [m]** Deferred Maintenance Expense has been adjusted to reflect amortization of pro-forma activity.
- [n]** Adjust Test Year for Clearwater Solutions contract operator cost impacts.
- [o]** Sale of Utility Property and Non-Utility activity has been removed for ratemaking purposes.
- [p]** Purchased Expense has been adjusted to reflect pro-forma expense levels. Includes amortization of accumulated deferrals and annualization of current provider pricing.
- [q]** Include Customer Deposit Interest Expense as miscellaneous expense in revenue requirement.
- [r]** Adjusted Rent Expense for pro-forma annualized effective leases.
- [s]** Adjusted Insurance Expense based on most recent policy premiums and deductible costs, with pro-forma increase subject to update.
- [t]** Adjusted for amortization of deferrals for litigation costs, decommissioning costs, NBV of decommissioned assets.
- [u]** Corporate cost allocations from Corix parent are adjusted from the Test Year for annualization of actual expenses for most recent period.
- [v]** To Include other expense adjustment for new items determined in the post-Test Year period.

# Schedule C

Blue Granite Water Company - Consolidated  
Combined Operations  
Rate Base and Rate of Return  
June 30, 2019

	Per Books	Pro Forma Adjustments		As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 65,859	\$ (2,347,601)		\$ (2,281,742)	\$ 8,651,522	\$ 6,369,780
Gross Plant In Service	\$ 103,656,697	\$ 2,600,950	[a]	\$ 106,257,647	\$ -	\$ 106,257,647
Accumulated Depreciation	(16,190,845)	3,701,705	[a]	(12,489,140)	-	(12,489,140)
Net Plant In Service	87,465,852	6,302,656		93,768,508	-	93,768,508
Deferred Charges	-	4,944,662	[b]	4,944,662	-	4,944,662
Cash Working Capital	1,680,230	(206,587)	[c]	1,473,643	-	1,473,643
Contributions In Aid of Construction	(20,300,002)	1,068,166	[a]	(19,231,836)	-	(19,231,836)
Accumulated Deferred Income Taxes	(3,522,917)	-		(3,522,917)	-	(3,522,917)
Customer Deposits	(334,350)	-		(334,350)	-	(334,350)
Plant Held for Future Use	-	350,000	[d]	350,000	-	350,000
Plant Acquisition Adjustment	(831,278)	-		(831,278)	-	(831,278)
Excess Book Value	-	(435,585)	[e]	(435,585)	-	(435,585)
	-	-		-	-	-
Total Rate Base	\$ 64,157,535	\$ 12,023,311		\$ 76,180,847	\$ -	\$ 76,180,847
Return on Rate Base [f]	0.10%			-3.00%		8.36%

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Blue Granite Water Company - Consolidated  
Water Operations  
Rate Base and Rate of Return  
June 30, 2019

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ (896,315)	\$ (477,093)	\$ (1,373,408)	\$ 4,113,206	\$ 2,739,798
Gross Plant In Service	\$ 47,877,407	\$ 2,885,431 [a]	\$ 50,762,837	\$ -	\$ 50,762,837
Accumulated Depreciation	(8,636,533)	2,607,898 [a]	(6,028,636)	-	(6,028,636)
Net Plant In Service	39,240,873	5,493,329	44,734,202	-	44,734,202
Deferred Charges	-	(536,623) [b]	(536,623)	-	(536,623)
Cash Working Capital	840,713	(79,951) [c]	760,762	-	760,762
Contributions In Aid of Construction	(9,132,706)	(51,529) [a]	(9,184,234)	-	(9,184,234)
Accumulated Deferred Income Taxes	(2,203,786)	-	(2,203,786)	-	(2,203,786)
Customer Deposits	(196,601)	-	(196,601)	-	(196,601)
Plant Held for Future Use	-	350,000 [d]	350,000	-	350,000
Plant Acquisition Adjustment	(749,233)	-	(749,233)	-	(749,233)
Excess Book Value	-	(207,232) [e]	(207,232)	-	(207,232)
	-	-	-	-	-
Total Rate Base	\$ 27,799,261	\$ 4,967,994	\$ 32,767,255	\$ -	\$ 32,767,255
Return on Rate Base [f]	-3.22%		-4.19%		8.36%

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Object Account	NARUC Account	Account Description	Balance at 6/30/2019
1020	301.1	ORGANIZATION	298,430
1025	302.1	FRANCHISES	59,551
1030	303.2	LAND & LAND RIGHTS PUMP	6,920
1035	303.3	LAND & LAND RIGHTS WTR TR	38
1040	303.4	LAND & LAND RIGHTS TRANS	28,892
1045	303.5	LAND & LAND RIGHTS GEN PL	572,076
1050	304.2	STRUCT & IMPRV SRC SUPPLY	3,593,312
1055	304.3	STRUCT & IMPRV WTR TRT PL	1,333,791
1060	304.4	STRUCT & IMPRV WTR TRAN DIST	30,701
1065	304.5	STRUCT & IMPRV GEN PLT	270,745
1080	307.2	WELLS & SPRINGS	2,888,718
1090	309.2	SUPPLY MAINS	744,217
1100	311.2	ELECTRIC PUMP EQUIP SRC P	529,708
1105	311.3	ELECTRIC PUMP EQUIP WTP	2,920,152
1110	311.2	ELECTRIC PUMP EQUIP SRC P	739,530
1115	320.3	WATER TREATMENT EQPT	1,835,875
1120	330.4	DIST RESV & STANDPIPES	7,245,471
1125	331.4	TRANS & DISTR MAINS	11,902,739
1130	333.4	SERVICE LINES	5,531,011
1135	334.4	METERS	885,225
1140	334.4	METER INSTALLATIONS	533,988
1145	335.4	HYDRANTS	399,555
1150	336.4	BACKFLOW PREVENTION DEVIC	22,845
1155	339.1	OTH PLT&MISC EQUIP INTANG	2,894
1160	339.2	OTH PLT&MISC EQUIP SRC SU	2,211
1165	339.3	OTH PLT&MISC EQUIP WTP	1,890
1170	339.4	OTH PLT&MISC EQUIP TRANS	1,457
1175/1455	304.5/354.7	OFFICE STRUCT & IMPRV	411,193
1180/1460	340.5/390.7	OFFICE FURN & EQPT	541,058
1185/1465	342.5/392.7	STORES EQPT	-
1190/1470	343.5/393.7	TOOL SHOP & MISC EQPT	584,573
1195/1475	344.5/394.7	LABORATORY EQUIPMENT	128,634
1200/1485	345.5/395.7	POWER OPERATED EQUIP	2,261
1205/1490	346.5/396.7	COMMUNICATION EQPT	209,328
1210/1495	347.5/397.7	MISC EQUIPMENT	15,889
1220	348.5	OTHER TANGIBLE PLT WATER	18,922
1555	341.5/391.7	TRANSPORTATION EQPT	933,826
1580	340.5/390.7	MAINFRAME COMPUTER	69,262
1585	340.5/390.7	MINI COMPUTERS	545,558
1590	340.5/390.7	COMP SYS COST	1,863,146
1595	340.5/390.7	MICRO SYS COST	37,778
2620	348.5/398.7	UTIL PLANT ACQUIRED/DISPOSED	134,036
			<u>47,877,407</u>

**Blue Granite Water Company - Consolidated**  
**Sewer Operations**  
**Rate Base and Rate of Return**  
**June 30, 2019**

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 962,174	\$ (1,870,508)	\$ (908,334)	\$ 4,538,316	\$ 3,629,982
Gross Plant In Service	\$ 55,779,291	\$ (284,480) [a]	\$ 55,494,810	\$ -	\$ 55,494,810
Accumulated Depreciation	(7,554,311)	1,093,807 [a]	(6,460,504)	-	(6,460,504)
Net Plant In Service	48,224,979	809,327	49,034,306	-	49,034,306
Deferred Charges	-	5,481,285 [b]	5,481,285	-	5,481,285
Cash Working Capital	839,517	(126,636) [c]	712,881	-	712,881
Contributions In Aid of Construction	(11,167,297)	1,119,695 [a]	(10,047,602)	-	(10,047,602)
Accumulated Deferred Income Taxes	(1,319,130)	-	(1,319,130)	-	(1,319,130)
Customer Deposits	(137,749)	-	(137,749)	-	(137,749)
Plant Held for Future Use	-	-	-	-	-
Plant Acquisition Adjustment	(82,045)	-	(82,045)	-	(82,045)
Excess Book Value	-	(228,354) [e]	(228,354)	-	(228,354)
	-	-	-	-	-
Total Rate Base	\$ 36,358,274	\$ 7,055,317	\$ 43,413,592	\$ -	\$ 43,413,592
Return on Rate Base [f]	2.65%		-2.09%		2.66%

<u>Object Account</u>	<u>NARUC Account</u>	<u>Account Description</u>	<u>Balance at 6/30/2019</u>
1245	351.1	ORGANIZATION	32,423
1250	352.1	FRANCHISES INTANG PLT	-
1255	352.6	FRANCHISES RECLAIM WTR DI	-
1265	353.2	LAND & LAND RIGHTS COLL P	664
1270	353.4	LAND & LAND RIGHTS TRTMNT	-
1275	353.5	LAND & LAND RIGHTS RECLAI	-
1280	353.6	LAND & LAND RIGHTS RCL DS	-
1285	353.7	LAND & LAND RIGHTS GEN PL	80,785
1290	354.2	STRUCT/IMPRV COLL PLT	31,886
1295	354.3	STRUCT/IMPRV PUMP PLT LS	3,275,053
1300	354.4	STRUCT/IMPRV TREAT PLT	3,658,875
1305	354.5	STRUCT/IMPRV RECLAIM WTP	11,832
1310	354.6	STRUCT/IMPRV RECLAIM WTR	27,705
1315	354.7	STRUCT/IMPRV GEN PLT	1,941,400
1320	355.2	POWER GEN EQUIP COLL PLT	7,473
1325	355.3	POWER GEN EQUIP PUMP PLT	47,763
1330	355.4	POWER GEN EQUIP TREAT PLT	33,612
1335	355.5	POWER GEN EQUIP RECLAIM W	-
1340	355.6	POWER GEN EQUIP RCL WTR D	-
1345	360.2	SEWER FORCE MAIN	3,983,862
1350	361.2	SEWER GRAVITY MAIN/MANHOL	14,538,619
1353	361.2	MANHOLES	187,650
1355	362.2	SPECIAL COLL STRUCTURES	53,757
1360	363.2	SERVICES TO CUSTOMERS	1,973,059
1365	364.2	FLOW MEASURE DEVICES	47,256
1370	365.2	FLOW MEASURE INSTALL	2,044
1375	370.3	RECEIVING WELLS	602
1380	371.3	PUMPING EQUIPMENT PUMP PL	3,848,853
1385	371.5	PUMPING EQUIPMENT RECLAIM	106,137
1390	371.6	PUMPING EQUIPMENT RCL WTR	68,372
1395	380.4	TREAT/DISP EQUIP LAGOON	1,528,429
1400	380.4	TREAT/DISP EQUIP TRT PLT	16,362,299
1405	380.5	TREAT/DISP EQUIP RCL WTP	1,541

<u>Object Account</u>	<u>NARUC Account</u>	<u>Account Description</u>	<u>Balance at 6/30/2019</u>
1410	381.4	PLANT SEWERS TRTMT PLT	327,119
1415	381.5	PLANT SEWERS RECLAIM WTP	3,877
1420	382.4	OUTFALL LINES	295,515
1425	398.7	OTHER PLT TANGIBLE	2,424
1430	389.2	OTHER PLT COLLECTION	10,833
1435	389.3	OTHER PLT PUMP	41,737
1440	389.4	OTHER PLT TREATMENT	20,226
1445	389.5	OTHER PLT RECLAIM WTR TRT	1,720
1450	389.6	OTHER PLT RECLAIM WTR DIS	-
1175/1455	304.5/354.7	OFFICE STRUCT & IMPRV	74,830
1180/1460	340.5/390.7	OFFICE FURN & EQPT	8,321
1185/1465	342.5/392.7	STORES EQPT	723
1190/1470	343.5/393.7	TOOL SHOP & MISC EQPT	190,793
1195/1475	344.5/394.7	LABORATORY EQUIPMENT	45,007
1200/1485	345.5/395.7	POWER OPERATED EQUIP	28,641
1205/1490	346.5/396.7	COMMUNICATION EQPT	4,199
1210/1495	347.5/397.7	MISC EQUIPMENT	70,617
1495	398.7	SEWER PLANT ALLOCATED	(778)
1500	398.7	OTHER TANGIBLE PLT SEWER	-
1525	366.6	REUSE SERVICES	-
1530	367.6	REUSE MTR/INSTALLATIONS	511
1535	374.5	REUSE DIST RESERVOIRS	5,086
1540	375.6	REUSE TRANMISSION & DIST	75,817
1555	341.5/391.7	TRANSPORTATION EQPT WTR	696,383
1580	340.5/390.7	MAINFRAME COMPUTER WTR	51,651
1585	340.5/390.7	MINI COMPUTERS WTR	406,839
1590	340.5/390.7	COMP SYS COST WTR	1,389,407
1595	340.5/390.7	MICRO SYS COST WTR	28,172
2620	348.5/398.7	UTIL PLANT ACQUIRED/DISPOSED	147,670
			<u>55,779,291</u>

**Blue Granite Water Company - Consolidated**  
**Explanation of Adjustments to Rate Base and Rate of Return**

- [a] Gross plant in service, A/D, and CIAC are adjusted to reflect post-test year additions (major projects and GL addition items), and removal of decommissioned and non-utility assets.
- [b] Deferred Charges includes unamortized deferred balances for deferred maintenance, removal costs on decommissioned assets, NBV on decommissioned assets and TCJA EDIT reserves.
- [c] Cash working capital is calculated based on 1/8 of maintenance and general expenses.
- [d] Post-Test Year land purchase in advance of construction of 1 MG elevated tank in Lake Wylie subdivision.
- [e] Excess book value has been included for ratemaking purposes.
- [f] The Return on Rate Base shown above is provided solely as a matter of information and convenience for the Commission and is not intended to reflect a request for this specific return on rate base (or any return on equity). Applicant will make its request for a return on rate base (and return on equity) by way of evidence to be introduced at hearing.

**Blue Granite Water Company - Service Territory 1**  
**Water Operations**  
**Rate Base and Rate of Return**  
**June 30, 2019**

**Schedule C - Service Territory 1**  
**Page 1 of 3**

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ (1,661,121)	\$ 83,265	\$ (1,577,856)	\$ 2,688,029	\$ 1,110,174
Gross Plant In Service	\$ 25,669,070	\$ 1,231,445 [a]	\$ 26,900,515	\$ -	\$ 26,900,515
Accumulated Depreciation	(5,359,140)	1,650,578 [a]	(3,708,562)	-	(3,708,562)
Net Plant In Service	20,309,930	2,882,023	23,191,953	-	23,191,953
Deferred Charges	-	1,615 [b]	1,615	-	1,615
Cash Working Capital	502,580	(58,875) [c]	443,705	-	443,705
Contributions In Aid of Construction	(8,780,986)	(36,839) [a]	(8,817,825)	-	(8,817,825)
Accumulated Deferred Income Taxes	(964,199)	-	(964,199)	-	(964,199)
Customer Deposits	(105,884)	-	(105,884)	-	(105,884)
Plant Held for Future Use	-	350,000 [d]	350,000	-	350,000
Plant Acquisition Adjustment	(614,752)	-	(614,752)	-	(614,752)
Excess Book Value	-	(207,232) [e]	(207,232)	-	(207,232)
	-	-	-	-	-
Total Rate Base	\$ 10,346,689	\$ 2,930,692	\$ 13,277,381	\$ -	\$ 13,277,381
Return on Rate Base [f]	-16.05%		-11.88%		8.36%

<u>Object Account</u>	<u>NARUC Account</u>	<u>Account Description</u>	<u>Balance at 6/30/2019</u>
1020	301.1	ORGANIZATION	84,616
1025	302.1	FRANCHISES	25,864
1030	303.2	LAND & LAND RIGHTS PUMP	6,920
1035	303.3	LAND & LAND RIGHTS WTR TR	-
1040	303.4	LAND & LAND RIGHTS TRANS	28,237
1045	303.5	LAND & LAND RIGHTS GEN PL	295,447
1050	304.2	STRUCT & IMPRV SRC SUPPLY	1,105,105
1055	304.3	STRUCT & IMPRV WTR TRT PL	501,364
1060	304.4	STRUCT & IMPRV WTR TRAN DIST	3,434
1065	304.5	STRUCT & IMPRV GEN PLT	166,157
1080	307.2	WELLS & SPRINGS	1,377,965
1090	309.2	SUPPLY MAINS	397,733
1100	311.2	ELECTRIC PUMP EQUIP SRC P	227,209
1105	311.3	ELECTRIC PUMP EQUIP WTP	1,562,815
1110	311.2	ELECTRIC PUMP EQUIP SRC P	205,981
1115	320.3	WATER TREATMENT EQPT	1,066,780
1120	330.4	DIST RESV & STANDPIPES	3,323,764
1125	331.4	TRANS & DISTR MAINS	7,227,199
1130	333.4	SERVICE LINES	3,321,840
1135	334.4	METERS	634,917
1140	334.4	METER INSTALLATIONS	333,643
1145	335.4	HYDRANTS	308,053
1150	336.4	BACKFLOW PREVENTION DEVIC	8,525
1155	339.1	OTH PLT&MISC EQUIP INTANG	2,216
1160	339.2	OTH PLT&MISC EQUIP SRC SU	-
1165	339.3	OTH PLT&MISC EQUIP WTP	816
1170	339.4	OTH PLT&MISC EQUIP TRANS	1,457
1175/1455	304.5/354.7	OFFICE STRUCT & IMPRV	291,824
1180/1460	340.5/390.7	OFFICE FURN & EQPT	360,052
1185/1465	342.5/392.7	STORES EQPT	-
1190/1470	343.5/393.7	TOOL SHOP & MISC EQPT	324,484
1195/1475	344.5/394.7	LABORATORY EQUIPMENT	75,745
1200/1485	345.5/395.7	POWER OPERATED EQUIP	208
1205/1490	346.5/396.7	COMMUNICATION EQPT	128,422
1210/1495	347.5/397.7	MISC EQUIPMENT	1,688
1220	348.5	OTHER TANGIBLE PLT WATER	-
1555	341.5/391.7	TRANSPORTATION EQPT	577,840
1580	340.5/390.7	MAINFRAME COMPUTER	42,858
1585	340.5/390.7	MINI COMPUTERS	337,585
1590	340.5/390.7	COMP SYS COST	1,152,893
1595	340.5/390.7	MICRO SYS COST	23,376
2620	348.5/398.7	UTIL PLANT ACQUIRED/DISPOSED	134,036
			<u>25,669,070</u>



**Blue Granite Water Company - Service Territory 1****Schedule C - Service Territory 1****Explanation of Adjustments to Rate Base and Rate of Return**

Page 3 of 3

- [a] Gross plant in service, A/D, and CIAC are adjusted to reflect post-test year additions (major projects and GL addition items), and removal of decommissioned and non-utility assets.
- [b] Deferred Charges includes unamortized deferred balances for deferred maintenance, removal costs on decommissioned assets, NBV on decommissioned assets and TCJA EDIT reserves.
- [c] Cash working capital is calculated based on 1/8 of maintenance and general expenses.
- [d] Post-Test Year land purchase in advance of construction of 1 MG elevated tank in Lake Wylie subdivision.
- [e] Excess book value has been included for ratemaking purposes.
- [f] The Return on Rate Base shown above is provided solely as a matter of information and convenience for the Commission and is not intended to reflect a request for this specific return on rate base (or any return on equity). Applicant will make its request for a return on rate base (and return on equity) by way of evidence to be introduced at hearing.

**Blue Granite Water Company - Service Territory 2**  
**Water Operations**  
**Rate Base and Rate of Return**  
**June 30, 2019**

**Schedule C - Service Territory 2**  
**Page 1 of 3**

	Per Books	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 764,806	\$ (560,358)	\$ 204,448	\$ 1,425,176	\$ 1,629,624
Gross Plant In Service	\$ 22,208,337	\$ 1,653,985 [a]	\$ 23,862,322	\$ -	\$ 23,862,322
Accumulated Depreciation	(3,277,394)	957,320 [a]	(2,320,074)	-	(2,320,074)
Net Plant In Service	18,930,943	2,611,305	21,542,248	-	21,542,248
Deferred Charges	-	(538,238) [b]	(538,238)	-	(538,238)
Cash Working Capital	338,134	(21,076) [c]	317,058	-	317,058
Contributions In Aid of Construction	(351,720)	(14,690) [a]	(366,409)	-	(366,409)
Accumulated Deferred Income Taxes	(1,239,587)	-	(1,239,587)	-	(1,239,587)
Customer Deposits	(90,717)	-	(90,717)	-	(90,717)
Plant Held for Future Use	-	-	-	-	-
Plant Acquisition Adjustment	(134,480)	-	(134,480)	-	(134,480)
Excess Book Value	-	- [e]	-	-	-
	-	-	-	-	-
Total Rate Base	\$ 17,452,572	\$ 2,037,302	\$ 19,489,874	\$ -	\$ 19,489,874
Return on Rate Base [f]	4.38%		1.05%		8.36%

<u>Object Account</u>	<u>NARUC Account</u>	<u>Account Description</u>	<u>Balance at 6/30/2019</u>
1020	301.1	ORGANIZATION	213,814
1025	302.1	FRANCHISES	33,687
1030	303.2	LAND & LAND RIGHTS PUMP	-
1035	303.3	LAND & LAND RIGHTS WTR TR	38
1040	303.4	LAND & LAND RIGHTS TRANS	655
1045	303.5	LAND & LAND RIGHTS GEN PL	276,628
1050	304.2	STRUCT & IMPRV SRC SUPPLY	2,488,206
1055	304.3	STRUCT & IMPRV WTR TRT PL	832,427
1060	304.4	STRUCT & IMPRV WTR TRAN DIST	27,267
1065	304.5	STRUCT & IMPRV GEN PLT	104,588
1080	307.2	WELLS & SPRINGS	1,510,753
1090	309.2	SUPPLY MAINS	346,484
1100	311.2	ELECTRIC PUMP EQUIP SRC P	302,499
1105	311.3	ELECTRIC PUMP EQUIP WTP	1,357,337
1110	311.2	ELECTRIC PUMP EQUIP SRC P	533,549
1115	320.3	WATER TREATMENT EQPT	769,095
1120	330.4	DIST RESV & STANDPIPES	3,921,708
1125	331.4	TRANS & DISTR MAINS	4,675,540
1130	333.4	SERVICE LINES	2,209,171
1135	334.4	METERS	250,308
1140	334.4	METER INSTALLATIONS	200,345
1145	335.4	HYDRANTS	91,502
1150	336.4	BACKFLOW PREVENTION DEVIC	14,320
1155	339.1	OTH PLT&MISC EQUIP INTANG	678
1160	339.2	OTH PLT&MISC EQUIP SRC SU	2,211
1165	339.3	OTH PLT&MISC EQUIP WTP	1,073
1170	339.4	OTH PLT&MISC EQUIP TRANS	-
1175/1455	304.5/354.7	OFFICE STRUCT & IMPRV	119,368
1180/1460	340.5/390.7	OFFICE FURN & EQPT	181,005
1185/1465	342.5/392.7	STORES EQPT	-
1190/1470	343.5/393.7	TOOL SHOP & MISC EQPT	260,090
1195/1475	344.5/394.7	LABORATORY EQUIPMENT	52,889
1200/1485	345.5/395.7	POWER OPERATED EQUIP	2,053
1205/1490	346.5/396.7	COMMUNICATION EQPT	80,906
1210/1495	347.5/397.7	MISC EQUIPMENT	14,201
1220	348.5	OTHER TANGIBLE PLT WATER	18,922
1555	341.5/391.7	TRANSPORTATION EQPT	355,985
1580	340.5/390.7	MAINFRAME COMPUTER	26,403
1585	340.5/390.7	MINI COMPUTERS	207,973
1590	340.5/390.7	COMP SYS COST	710,254
1595	340.5/390.7	MICRO SYS COST	14,401
2620	348.5/398.7	UTIL PLANT ACQUIRED/DISPOSED	-
			<u>22,208,337</u>

**Blue Granite Water Company - Service Territory 2****Schedule C - Service Territory 2****Explanation of Adjustments to Rate Base and Rate of Return**

Page 3 of 3

- [a] Gross plant in service, A/D, and CIAC are adjusted to reflect post-test year additions (major projects and GL addition items), and removal of decommissioned and non-utility assets.
- [b] Deferred Charges includes unamortized deferred balances for deferred maintenance, removal costs on decommissioned assets, NBV on decommissioned assets and TCJA EDIT reserves.
- [c] Cash working capital is calculated based on 1/8 of maintenance and general expenses.
- [d] N/A
- [e] Excess book value has been included for ratemaking purposes.
- [f] The Return on Rate Base shown above is provided solely as a matter of information and convenience for the Commission and is not intended to reflect a request for this specific return on rate base (or any return on equity). Applicant will make its request for a return on rate base (and return on equity) by way of evidence to be introduced at hearing.

# Schedule D

## Blue Granite Water Company - Service Territory 1 and Service Territory 2

June 30, 2019

## Test Year Revenues

## Schedule D - Service Territory 1 and Service Territory 2

Page 1 of 3

**400 - SEWER**

Bill code	Description	Consumption (7/1/2018 - 6/30/2019)	Usage Charge (7/1/2018 - 6/30/2019)	Units (7/1/2018 - 6/30/2019)	(7/1/2018 - 6/30/2019) * Blended	Revenues
400WWCOM	WW Commercial (All Meter Sizes)	-		2,852	\$ 65.48	186,766
400WWCRH	Commercial WW Treatment - RH (All Meter Sizes)	-		21,267	65.46	1,392,069
400WWRCP	Residential WW Service (All Meter Sizes)	-		4,930	65.48	322,847
400WWRES	WW Residential (All Meter Sizes)	-		73,592	65.48	4,818,959
400WWRBJ	Residential WW Service (All Meter Sizes)	-		967	65.49	63,298
400WWRRH	Residential WW Treatment - YC (All Meter Sizes)	-		49,596	65.47	3,247,027
400WWRTC	Town of Chapin Purchase WW Res (All Meter Sizes)	-		1,065	65.48	69,739
400WWTRL	WW Trailer Residential (All Meter Sizes)	-		39	47.73	1,877
400WWTRT	Van Arsdale WW Treatment (All Meter Sizes)	-		48	34.05	1,634
400WWCCP	Commercial Wastewater Service (Richland County)	-		24	65.48	1,572
400WWRHT	Riverhills WW Treatment (All Meter Sizes)	-		117	65.48	7,669
	Total	-		154,497		\$ 10,113,456
				-		-

## Blue Granite Water Company - Service Territory 1 and Service Territory 2

June 30, 2019

## Test Year Revenues

## Schedule D - Service Territory 1 and Service Territory 2

Page 2 of 3

## 401 - SEWER

Bill code	Description	Consumption (7/1/2018 - 6/30/2019)	Usage Charge (7/1/2018 - 6/30/2019)	Units (7/1/2018 - 6/30/2019)	BFC (7/1/2018 - 6/30/2019) * Blended	Revenues
401WWRES	Residential WW Service (All Meter Sizes)	-		4,265	\$ 65.48	279,289
401WWCOM	Commercial WW Treatment - (All Meter Sizes)	-		191	65.48	12,505
	Total	-		4,456		\$ 291,794
				-		-

## Blue Granite Water Company - Service Territory 1 and Service Territory 2

June 30, 2019

## Test Year Revenues

## Schedule D - Service Territory 1 and Service Territory 2

Page 3 of 3

## 403 - SEWER

Bill code	Description	Consumption (7/1/2018 - 6/30/2019)	Usage Charge (7/1/2018 - 6/30/2019)	Units (7/1/2018 - 6/30/2019)	BFC (7/1/2018 - 6/30/2019) * Blended	Revenues
403WWRES	Residential WW Service (All Meter Sizes)	-		6,947	\$ 65.48	454,879
403WWMOB	Mobile Home Wastewater Service	-		2,052	47.76	98,012
403WWVLG	Wastewater Residential Collection Charge	-		4,138	34.04	140,871
	Total	-		13,138		\$ 693,762
				-		-



Blue Granite Water Company - Service Territory 1  
June 30, 2019  
Test Year Revenues

Schedule D - Service Territory 1  
Page 1 of 1

400 - WATER

Bill code	Description	Consumption (7/1/2018 - 6/30/2019)	Usage Charge (7/1/2018 - 6/30/2019)	Units (7/1/2018 - 6/30/2019)	BFC (7/1/2018 - 6/30/2019)	Revenues
400PWCOM	1" Purchase Water Commercial	892,461	\$ 7.55	71	\$ 37.43	\$ 9,386
400PWCOM	1.5" Purchase Water Commercial	14,000	7.55	12	74.86	1,008
400PWCOM	2" Purchase Water Commercial	5,826,707	7.55	96	119.78	55,468
400PWCOM	3" Purchase Water Commercial	1,305,100	7.55	12	224.59	12,558
400PWCOM	3/4" Purchase Water Commercial	-	7.55	12	14.38	173
400PWCOM	5/8" Purchase Water Commercial	2,055,727	7.55	280	14.38	19,558
400PWCRH	1" Purchase Water Commercial - Riverhills	5,584,256	7.55	457	37.43	59,277
400PWCRH	1.5" Purchase Water Commercial - Riverhills	15,556,080	7.55	442	74.86	150,513
400PWCRH	2" Purchase Water Commercial - Riverhills	30,718,368	7.55	460	119.78	287,000
400PWCRH	3" Purchase Water Commercial - Riverhills	6,981,421	7.55	58	224.59	65,663
400PWCRH	3/4" Purchase Water Commercial - Riverhills	1,010,241	7.55	225	14.38	10,888
400PWCRH	4" Purchase Water Commercial - Riverhills	2,590,749	7.55	24	374.42	28,643
400PWCRH	5/8" Purchase Water Commercial - Riverhills	7,443,288	7.55	1,213	14.38	73,639
400PWCRH	8" Purchase Water Commercial - Riverhills	7,116,032	7.55	12	1,150.51	67,560
400PWRES	1" Purchase Water Residential	3,196,887	7.55	968	14.38	38,000
400PWRES	1.5" Purchase Water Residential	1,136,680	7.55	616	14.38	17,443
400PWRES	2" Purchase Water Residential	4,685,216	7.55	1,585	14.38	58,116
400PWRES	3/4' Purchase Water Residential	129,053	7.55	12	14.38	1,116
400PWRES	4" Purchase Water Residential	115,100	7.55	192	14.38	3,620
400PWRES	5/8" Purchase Water Residential	169,509,611	7.55	36,565	14.38	1,805,609
400PWRRH	Purchase Water Res - RH (All Meter Sizes)	244,739,802	7.55	53,087	14.38	2,611,171
400WCOM	1" Commercial	7,960	5.59	13	37.43	532
400WCOM	5/8" Commercial	567,520	5.59	71	14.38	4,186
400WCIR	Commercial Irrigation	2,726,525	7.55	-	-	20,585
400WRIR	Residential Irrigation	13,704,676	7.55	-	-	103,409
400WRES	Water Residential (All Meter Sizes)	87,562,535	5.59	18,567	14.38	756,406
	Total	615,175,995		115,050		\$ 6,261,889

ELECTRONICALLY FILED - 2019 December 30 3:59 PM - SCPSC District # 2019-200WS Page 1 of 1

Blue Granite Water Company - Service Territory 1

June 30, 2019

Test Year Revenues

402 - WATER

Bill code	Description	Consumption (7/1/2018 - 6/30/2019)	Usage Charge (7/1/2018 - 6/30/2019)
402WRES	Water Residential (All Meter Sizes)	8,184,808	\$ 5.59
	Total	8,184,808	

Schedule D - Service Territory 1

Page 2 of 2

Units (7/1/2018 - 6/30/2019)	BFC (7/1/2018 - 6/30/2019)	Revenues
2,073	\$ 14.38	\$ 75,563
2,073		\$ 75,563

Blue Granite Water Company - Service Territory 2  
June 30, 2019  
Test Year Revenues

Schedule D - Service Territory 1  
Page 1 of 1

401 - WATER

Bill code	Description	Consumption (7/1/2018 - 6/30/2019)	Usage Charge (7/1/2018 - 6/30/2019)	Units (7/1/2018 - 6/30/2019)	BFC (7/1/2018 - 6/30/2019)	Revenues
401WCOM	5/8" Commercial Water Service	304,288	\$ 10.27	36	\$ 28.59	\$ 4,990.44
401WCOM	1" Commercial Water Service	11,970	10.27	12	79.59	1,000.00
401WCOM	1.5" Commercial Water Service	130,840	10.27	24	146.27	4,888.48
401WCOM	3" Commercial Water Service	45,500	10.27	12	499.14	6,433.68
401WRES	Water Residential (All Meter Sizes)	216,597,610	10.27	55,826	28.59	3,820,539.39
401PWRFW	Foxwood Purchased Water	4,782,029	11.85	4,390	28.59	182,165.59
401WRPUR	1" Water Distribution and Purchased Water Charge	1,088,094	11.85	48	28.59	14,459.91
401WRPUR	2" Water Distribution and Purchased Water Charge	7,151,811	11.85	216	28.59	90,991.61
401WRPUR	3/4" Water Distribution and Purchased Water Charge	287,155	11.85	12	28.59	3,745.45
401WRPUR	5/8" Water Distribution and Purchased Water Charge	73,391,156	11.85	20,161	28.59	1,446,009.09
	Total	303,790,453		80,736		\$ 5,574,111.11
		-		-		

403 - WATER

Bill code	Description	Consumption (7/1/2018 - 6/30/2019)	Usage Charge (7/1/2018 - 6/30/2019)	Units (7/1/2018 - 6/30/2019)	BFC (7/1/2018 - 6/30/2019)	Revenues
403WRES	Water Residential (All Meter Sizes)	5,090,610	10.27	1,086	28.59	83,333.83
	Total	5,090,610		1,086		\$ 83,333.83

ELECTRONICALLY FILED - 2019 December 30 3:59 PM SCS - PSC - Docket # 2019-290-WS - Page 111 of 219

# Schedule E

## Blue Granite Water Company - Service Territory 1 and Service Territory 2

## Schedule E - Service Territory 1 and Service Territory 2

June 30, 2019

Page 2 of 1

## Revenues at Proposed Rates

**400 - SEWER**

Bill code	Description	Consumption	Proposed Usage Charge	Units	Proposed Rate	Revenues
400WWCOM	WW Commercial (All Meter Sizes)	-	-	2,790	\$ 101.30	282,635
400WWCRH	Commercial WW Collection - RH (All Meter Sizes)	-	-	21,821	47.10	1,028,813
400WWCRH	Commercial WW Treatment - RH (All Meter Sizes)	-	-	21,821	54.20	1,182,674
400WWRCP	Residential WW Collection (All Meter Sizes)	-	-	4,965	47.10	233,855
400WWRCP	Residential WW Treatment (All Meter Sizes)	-	-	4,965	54.20	269,090
400WWRES	WW Residential (All Meter Sizes)	-	-	71,988	101.30	7,292,634
400WWRB	Residential WW Collection (All Meter Sizes)	-	-	1,068	47.10	50,306
400WWRB	Residential WW Treatment (All Meter Sizes)	-	-	1,068	54.20	57,886
400WWRRH	Residential WW Collection - YC (All Meter Sizes)	-	-	50,698	47.10	2,388,041
400WWRRH	Residential WW Treatment - YC (All Meter Sizes)	-	-	50,698	54.20	2,744,849
400WWRTC	Town of Chapin Collection Res (All Meter Sizes)	-	-	1,062	47.10	50,006
400WWRTC	Town of Chapin Treatment Res (All Meter Sizes)	-	-	1,062	54.20	57,541
400WWTRL	WW Trailer Residential (All Meter Sizes)	-	-	35	73.94	2,585
400WWTRT	Van Arsdale WW Treatment (All Meter Sizes)	-	-	48	52.71	2,530
400WWCCP	Commercial Wastewater Collection (Richland County)	-	-	24	47.10	1,130
400WWCCP	Commercial Wastewater Treatment (Richland County)	-	-	24	54.20	1,301
400WWRHT	Riverhills WW Collection (All Meter Sizes)	-	-	120	47.10	5,652
400WWRHT	Riverhills WW Treatment (All Meter Sizes)	-	-	120	54.20	6,504
	Total	-	-	154,618		\$ 15,664,003

**401 - SEWER**

Bill code	Description	Consumption	Proposed Usage Charge	Units	Proposed Rate	Revenues
401WWRES	Residential WW Service (All Meter Sizes)	-	-	4,284	\$ 101.30	433,982
401WWCOM	Commercial WW Treatment - (All Meter Sizes)	-	-	192	101.30	19,450
	Total	-	-	4,476		\$ 453,432

**403 - SEWER**

Bill code	Description	Consumption	Proposed Usage Charge	Units	Proposed Rate	Revenues
403WWRES	Residential WW Service (All Meter Sizes)	-	-	7,116	\$ 101.30	720,872
403WWMOB	Mobile Home Wastewater Service	-	-	2,088	73.94	154,383
403WWVLG	Wastewater Residential Collection Charge	-	-	4,308	52.71	227,058
	Total	-	-	13,512		\$ 1,102,313

## Blue Granite Water Company - Service Territory 1

## Schedule E - Service Territory 1

June 30, 2019

Page 2 of 2

## Revenues at Proposed Rates

## 400 - WATER

Bill code	Description	Test Year Consumption	Proposed Usage Charge	Test Year Units	Proposed BFC	Revenues
400PWCOM	1" Distribution Commercial	904,392	\$ 4.75	72	\$ 55.24	\$ 4,273
400PWCOM	1" Purchase Water Commercial	904,392	6.85			6,195
400PWCOM	1.5" Distribution Commercial	13,992	4.75	12	110.47	1,392
400PWCOM	1.5" Purchase Water Commercial	13,992	6.85			96
400PWCOM	2" Distribution Commercial	6,550,200	4.75	108	176.76	19,207
400PWCOM	2" Purchase Water Commercial	6,550,200	6.85			44,869
400PWCOM	3" Distribution Commercial	1,304,676	4.75	12	331.42	4,175
400PWCOM	3" Purchase Water Commercial	1,304,676	6.85			8,937
400PWCOM	3/4" Distribution Commercial	-	4.75	12	22.09	265
400PWCOM	3/4" Purchase Water Commercial	-	6.85			-
400PWCOM	5/8" Distribution Commercial	2,112,768	4.75	288	22.09	16,400
400PWCOM	5/8" Purchase Water Commercial	2,112,768	6.85			14,472
400PWRH	1" Distribution Commercial - Riverhills	5,275,584	4.75	432	55.24	23,925
400PWRH	1" Purchase Water Commercial - Riverhills	5,275,584	6.85			36,138
400PWRH	1.5" Distribution Commercial - Riverhills	15,215,040	4.75	432	110.47	120,006
400PWRH	1.5" Purchase Water Commercial - Riverhills	15,215,040	6.85			104,223
400PWRH	2" Distribution Commercial - Riverhills	33,626,880	4.75	504	176.76	265,835
400PWRH	2" Purchase Water Commercial - Riverhills	33,626,880	6.85			230,344
400PWRH	3" Distribution Commercial - Riverhills	8,729,064	4.75	72	331.42	24,331
400PWRH	3" Purchase Water Commercial - Riverhills	8,729,064	6.85			59,794
400PWRH	3/4" Distribution Commercial - Riverhills	1,134,000	4.75	252	22.09	5,955
400PWRH	3/4" Purchase Water Commercial - Riverhills	1,134,000	6.85			7,768
400PWRH	4" Distribution Commercial - Riverhills	2,572,560	4.75	24	552.37	13,478
400PWRH	4" Purchase Water Commercial - Riverhills	2,572,560	6.85			17,622
400PWRH	5/8" Distribution Commercial - Riverhills	7,806,264	4.75	1,272	22.09	28,189
400PWRH	5/8" Purchase Water Commercial - Riverhills	7,806,264	6.85			53,473
400PWRH	8" Distribution Commercial - Riverhills	7,105,776	4.75	12	1,767.59	12,968
400PWRH	8" Purchase Water Commercial - Riverhills	7,105,776	6.85			48,675
400PWRES	1" Distribution Residential	871,728	4.75	264	22.09	5,974
400PWRES	1" Purchase Water Residential	871,728	6.85			5,971
400PWRES	1.5" Distribution Residential	132,840	4.75	72	22.09	2,222
400PWRES	1.5" Purchase Water Residential	132,840	6.85			910

## Blue Granite Water Company - Service Territory 1

## Schedule E - Service Territory 1

June 30, 2019

Page 2 of 2

## Revenues at Proposed Rates

Bill code	Description	Test Year Consumption	Proposed Usage Charge	Test Year Units	Proposed BFC	Revenues
400PWRES	2" Distribution Residential	283,872	4.75	96	22.09	3,470
400PWRES	2" Purchase Water Residential	283,872	6.85			1,945
400PWRES	3/4' Distribution Residential	129,024	4.75	12	22.09	878
400PWRES	3/4' Purchase Water Residential	129,024	6.85			884
400PWRES	4" Distribution Residential	7,188	4.75	12	22.09	299
400PWRES	4" Purchase Water Residential	7,188	6.85			49
400PWRES	5/8" Distribution Residential	191,763,504	4.75	41,364	22.09	1,834,926
400PWRES	5/8" Purchase Water Residential	191,763,504	6.85			1,312,580
400PWRRH	Distribution Res - RH (All Meter Sizes)	259,123,859	4.75	56,209	22.09	2,421,929
400PWRRH	Purchase Water Res - RH (All Meter Sizes)	259,123,859	6.85			1,770,998
400WCOM	1" Commercial	7,332	8.59	12	55.24	726
400WCOM	5/8" Commercial	671,832	8.59	84	22.09	7,626
400WCIR	Commercial Irrigation	5,816,640	11.60	192	-	2,477
400WRIR	Residential Irrigation	18,678,240	11.60	2,520	-	26,679
400WRES	Water Residential (All Meter Sizes)	94,338,864	8.59	20,004	22.09	1,231,268
	Total	664,176,119		124,345		\$ 10,311,816

## 402 - WATER

Bill code	Description	Test Year Consumption	Proposed Usage Charge	Test Year Units	Proposed BFC	Revenues
402WRES	5/8" Residential Water Service	8,196,048	8.59	2,076	22.09	15,265
	Total	8,196,048		2,076		\$ 15,265

## Blue Granite Water Company - Service Territory 2

## Schedule E - Service Territory 2

June 30, 2019

Page 1 of 1

## Revenues at Proposed Rates

## 401 - WATER

Bill code	Description	Test Year	Proposed	Test Year	Proposed	Revenues
		Consumption	Usage Charge	Units	BFC	
401WCOM	5/8" Commercial Water Service	305,928	\$ 13.86	36	\$ 38.58	\$ 5,140.37
401WCOM	1" Commercial Water Service	12,072	13.86	12	96.45	1,185.24
401WCOM	1.5" Commercial Water Service	131,808	13.86	24	192.89	6,429.36
401WCOM	3" Commercial Water Service	45,840	13.86	12	578.67	7,584.04
401WRES	Water Residential (All Meter Sizes)	215,991,840	13.86	55,668	38.58	5,140.37
401PWRFW	Foxwood Distribution Rate	2,731,212	4.91	2,508	38.58	110,354.34
401PWRFW	Foxwood Purchased Water Rate	2,731,212	11.08			30,222.92
401WRPUR	1" Water Distribution Charge	1,092,384	4.91	48	38.58	7,584.04
401WRPUR	1" Water Purchased Water Charge	1,092,384	11.08			12,114.34
401WRPUR	2" Water Distribution Charge	7,155,216	4.91	216	38.58	43,465.20
401WRPUR	2" Water Purchased Water Charge	7,155,216	11.08			79,280.36
401WRPUR	3/4" Water Distribution Charge	287,952	4.91	12	38.58	1,877.76
401WRPUR	3/4" Water Purchased Water Charge	287,952	11.08			3,187.99
401WRPUR	5/8" Water Distribution Charge	72,770,880	4.91	19,992	38.58	1,128,557.76
401WRPUR	5/8" Water Purchased Water Charge	72,770,880	11.08			806,881.12
	Total	300,525,132		78,528		\$ 7,384,550.60

## 403 - WATER

Bill code	Description	Test Year	Proposed	Test Year	Proposed	Revenues
		Consumption	Usage Charge	Units	BFC	
403WRES	5/8" Residential Water Service	4,947,360	13.86	1,056	38.58	109,289.92
	Total	4,947,360		1,056		\$ 109,289.92



# Schedule F

**Blue Granite Water Company - Consolidated****Schedule F - Service Territory 1 and Service Territory 2****June 30, 2019****Page 1 of 1****Customer Growth**

<b>WATER</b>	<b>400</b>	<b>402</b>	<b>401</b>	<b>403</b>	<b>Total</b>
Customers at June 30, 2018	9,727	173	6,546	85	16,531
Customers at June 30, 2019	10,362	173	6,544	88	17,167
Projected Customers at December 31, 2019	10,362	173	6,544	88	17,167

<b>WASTEWATER</b>					
Customers at June 30, 2018	11,661	-	374	1,059	13,094
Customers at June 30, 2019	12,885	-	373	1,126	14,384
Projected Customers at December 31, 2019	12,885	-	373	1,126	14,384

# Schedule G

**Blue Granite Water Company - Service Territory 1 and Service Territory 2**  
**Average Bill at Present & Proposed Rates**  
**June 30, 2019**

**Schedule G - Service Territory 1 and Service Territory 2**  
**Page 1 of 2**

**400 - SEWER**

Present Rates	Description	Current Rate		Average		Date of Last Rate Change
		Usage	Base	Usage	Bill	
400WWCOM	WW Commercial (All Meter Sizes)	-	\$ 65.08	-	\$ 65.08	6/29/2018
400WWCRH	Commercial WW Treatment - RH (All Meter Sizes)	-	65.08	-	65.08	6/29/2018
400WWRCP	Residential WW Service (All Meter Sizes)	-	65.08	-	65.08	6/29/2018
400WWRES	WW Residential (All Meter Sizes)	-	65.08	-	65.08	6/29/2018
400WWRBJ	Residential WW Service (All Meter Sizes)	-	65.08	-	65.08	6/29/2018
400WWRRH	Residential WW Treatment - YC (All Meter Sizes)	-	65.08	-	65.08	6/29/2018
400WWRTC	Town of Chapin Purchase WW Res (All Meter Sizes)	-	65.08	-	65.08	6/29/2018
400WWTRL	WW Mobile Home (All Meter Sizes)	-	47.50	-	47.50	6/29/2018
400WWTRT	Van Arsdale WW Treatment (All Meter Sizes)	-	33.86	-	33.86	6/29/2018
400WWCCP	Commercial Wastewater Service (Richland County)	-	65.08	-	65.08	6/29/2018
400WWRHT	Riverhills WW Treatment (All Meter Sizes)	-	65.08	-	65.08	6/29/2018

Proposed Rates	Description	Base - Purchased Sewer Treatment		Usage	Bill	Amount	[a]	Percent
		Usage	Base					
400WWCOM	WW Commercial (All Meter Sizes)	-	\$ 101.30	-	\$ 101.30	\$ 36.22		55.66%
400WWCRH	Commercial WW Treatment - RH (All Meter Sizes)	-	\$ 54.20	-	101.30	36.22		55.66%
400WWRCP	Residential WW Service (All Meter Sizes)	-	54.20	-	101.30	36.22		55.66%
400WWRES	WW Residential (All Meter Sizes)	-	101.30	-	101.30	36.22		55.66%
400WWRBJ	Residential WW Service (All Meter Sizes)	-	54.20	-	101.30	36.22		55.66%
400WWRRH	Residential WW Treatment - YC (All Meter Sizes)	-	54.20	-	101.30	36.22		55.66%
400WWRTC	Town of Chapin Purchase WW Res (All Meter Sizes)	-	54.20	-	101.30	36.22		55.66%
400WWTRL	WW Mobile Home (All Meter Sizes)	-	73.94	-	73.94	26.44		55.66%
400WWTRT	Van Arsdale WW Treatment (All Meter Sizes)	-	52.71	-	52.71	18.85		55.66%
400WWCCP	Commercial Wastewater Service (Richland County)	-	54.20	-	101.30	36.22		55.66%
400WWRHT	Riverhills WW Treatment (All Meter Sizes)	-	54.20	-	101.30	36.22		55.66%

**Blue Granite Water Company - Service Territory 1 and Service Territory 2**  
**Average Bill at Present & Proposed Rates**  
**June 30, 2019**

**Schedule G - Service Territory 1 and Service Territory 2**  
**Page 2 of 2**

**401 - SEWER**

Present Rates	Description	Current Rate		Average		Amount	Percent [a]	Date of Last Rate Change
		Usage	Base	Usage	Bill			
401WWRES	Residential WW Service (All Meter Sizes)	-	\$ 65.08	-	\$ 65.08			1/25/2019
401WWCOM	Commercial WW Treatment - (All Meter Sizes)	-	65.08	-	65.08			1/25/2019
								1/25/2019
Proposed Rates	Description	Current Rate		Average		Amount	Percent [a]	Date of Last Rate Change
		Usage	Base	Usage	Bill			
401WWRES	Residential WW Service (All Meter Sizes)	-	\$ 101.30	-	\$ 101.30	\$ 36.22	55.66%	
401WWCOM	Commercial WW Treatment - (All Meter Sizes)	-	101.30	-	101.30	36.22	55.66%	

**403 - SEWER**

Present Rates	Description	Current Rate		Average		Amount	Percent [a]	Date of Last Rate Change
		Usage	Base	Usage	Bill			
403WWRES	Residential WW Service (All Meter Sizes)	-	\$ 65.08	-	\$ 65.08			1/25/2019
403WWMOB	Mobile Home Wastewater Service	-	47.50	-	47.50			1/25/2019
403WWVLG	Wastewater Residential Collection Charge	-	33.86	-	33.86			1/25/2019
								1/25/2019
Proposed Rates	Description	Current Rate		Average		Amount	Percent [a]	Date of Last Rate Change
		Usage	Base	Usage	Bill			
403WWRES	Residential WW Service (All Meter Sizes)	-	\$ 101.30	-	\$ 101.30	\$ 36.22	55.66%	
403WWMOB	Mobile Home Wastewater Service	-	73.94	-	73.94	26.44	55.66%	
403WWVLG	Wastewater Residential Collection Charge	-	52.71	-	52.71	18.85	55.66%	

400 - WATER

Present Rates	Description	Current Rate		Average		Date of Last Rate Change
		Usage	Base	Usage	Bill	
400PWCOM	1" Purchase Water Commercial	\$ 7.55	\$ 37.43	12,561	\$ 132.27	6/29/2018
400PWCOM	1.5" Purchase Water Commercial	7.55	74.86	1,166	83.66	6/29/2018
400PWCOM	2" Purchase Water Commercial	7.55	119.78	60,650	577.69	6/29/2018
400PWCOM	3" Purchase Water Commercial	7.55	224.59	108,723	1,045.45	6/29/2018
400PWCOM	3/4" Purchase Water Commercial	7.55	14.38	-	14.38	6/29/2018
400PWCOM	5/8" Purchase Water Commercial	7.55	14.38	7,336	69.77	6/29/2018
400PWCRH	1" Purchase Water Commercial - Riverhills	7.55	37.43	12,212	129.63	6/29/2018
400PWCRH	1.5" Purchase Water Commercial - Riverhills	7.55	74.86	35,220	340.77	6/29/2018
400PWCRH	2" Purchase Water Commercial - Riverhills	7.55	119.78	66,720	623.52	6/29/2018
400PWCRH	3" Purchase Water Commercial - Riverhills	7.55	224.59	121,237	1,139.93	6/29/2018
400PWCRH	3/4" Purchase Water Commercial - Riverhills	7.55	14.38	4,500	48.36	6/29/2018
400PWCRH	4" Purchase Water Commercial - Riverhills	7.55	374.42	107,190	1,183.70	6/29/2018
400PWCRH	5/8" Purchase Water Commercial - Riverhills	7.55	14.38	6,137	60.71	6/29/2018
400PWCRH	8" Purchase Water Commercial - Riverhills	7.55	1,150.51	592,148	5,621.23	6/29/2018
400PWRES	1" Purchase Water Residential	7.55	14.38	3,302	39.31	6/29/2018
400PWRES	2" Purchase Water Residential	7.55	14.38	2,957	36.71	6/29/2018
400PWRES	3/4" Purchase Water Residential	7.55	14.38	10,752	95.56	6/29/2018
400PWRES	4" Purchase Water Residential	7.55	14.38	599	18.90	6/29/2018
400PWRES	5/8" Purchase Water Residential	7.55	14.38	4,636	49.38	6/29/2018
400PWRRH	Purchase Water Res - RH (All Meter Sizes)	7.55	14.38	4,610	49.19	6/29/2018
400WCOM	1" Commercial	5.59	37.43	611	40.85	6/29/2018
400WCOM	5/8" Commercial	5.59	14.38	7,998	59.09	6/29/2018
400WRES	Water Residential (All Meter Sizes)	5.59	14.38	4,716	40.74	6/29/2018

**400 - WATER**

Proposed Rates	Description	Usage - Purchased			Usage	Bill	Amount	Percent
		Usage	Water	Base				
400PWCOM	1" Purchase Water Commercial	\$ 4.75	6.85	\$ 55.24	12,561	\$ 200.95	\$ 68.69	51.93%
400PWCOM	1.5" Purchase Water Commercial	4.75	6.85	110.47	1,166	124.00	40.34	48.21%
400PWCOM	2" Purchase Water Commercial	4.75	6.85	176.76	60,650	880.34	302.65	52.39%
400PWCOM	3" Purchase Water Commercial	4.75	6.85	331.42	108,723	1,592.68	547.23	52.34%
400PWCOM	3/4" Purchase Water Commercial	4.75	6.85	22.09	-	22.09	7.71	53.65%
400PWCOM	5/8" Purchase Water Commercial	4.75	6.85	22.09	7,336	107.20	37.43	53.65%
400PWCRH	1" Purchase Water Commercial - Riverhills	4.75	6.85	55.24	12,212	196.90	67.27	51.90%
400PWCRH	1.5" Purchase Water Commercial - Riverhills	4.75	6.85	110.47	35,220	519.05	178.28	52.32%
400PWCRH	2" Purchase Water Commercial - Riverhills	4.75	6.85	176.76	66,720	950.75	327.24	52.48%
400PWCRH	3" Purchase Water Commercial - Riverhills	4.75	6.85	331.42	121,237	1,737.85	597.92	52.45%
400PWCRH	3/4" Purchase Water Commercial - Riverhills	4.75	6.85	22.09	4,500	74.30	25.94	53.65%
400PWCRH	4" Purchase Water Commercial - Riverhills	4.75	6.85	552.37	107,190	1,795.84	612.14	51.71%
400PWCRH	5/8" Purchase Water Commercial - Riverhills	4.75	6.85	22.09	6,137	93.29	32.57	53.65%
400PWCRH	8" Purchase Water Commercial - Riverhills	4.75	6.85	1,767.59	592,148	8,636.87	3,015.64	53.65%
400PWRES	1" Purchase Water Residential	4.75	6.85	22.09	3,302	60.40	21.09	53.65%
400PWRES	2" Purchase Water Residential	4.75	6.85	22.09	2,957	56.40	19.69	53.65%
400PWRES	3/4" Purchase Water Residential	4.75	6.85	22.09	10,752	146.82	51.27	53.65%
400PWRES	4" Purchase Water Residential	4.75	6.85	22.09	599	29.04	10.14	53.65%
400PWRES	5/8" Purchase Water Residential	4.75	6.85	22.09	4,636	75.88	26.49	53.65%
400PWRRH	Purchase Water Res - RH (All Meter Sizes)	4.75	6.85	22.09	4,610	75.57	26.39	53.65%
400WCOM	1" Commercial	8.59		55.24	611	60.49	19.64	48.08%
400WCOM	5/8" Commercial	8.59		22.09	7,998	90.79	31.70	53.65%
400WRES	Water Residential (All Meter Sizes)	8.59		22.09	4,716	62.60	21.86	53.65%

**402 - WATER**

Present Rates	Description	Current Rate		Average		Amount	Percent	Date of Last Rate Change  1/25/2019
		Usage	Base	Usage	Bill			
402WRES	Water Residential (All Meter Sizes)	\$ 5.59	\$ 14.38	3,948	\$ 36.45			
Proposed Rates	Description	Usage	Base	Usage	Bill	Amount	Percent	
402WRES	Water Residential (All Meter Sizes)	\$ 8.59	\$ 22.09	3,948	\$ 56.00	\$ 19.56	53.65%	

**Blue Granite Water Company - Service Territory 2**  
**Average Bill at Present & Proposed Rates**  
**June 30, 2019**

**401 - WATER**

Present Rates	Description	Current Rate		Average		Amount	Percent
		Usage	Base	Usage	Bill		
401WCOM	5/8" Commercial Water Service	\$ 10.27	\$ 28.59	8,498	\$ 115.86		
401WCOM	1" Commercial Water Service	10.27	79.59	1,006	89.92		
401WCOM	1.5" Commercial Water Service	10.27	146.27	5,492	202.67		
401WCOM	3" Commercial Water Service	10.27	499.14	3,820	538.37		
401WRES	Water Residential (All Meter Sizes)	10.27	28.59	3,880	68.44		
401PWRFW	Foxwood Purchased Water	11.85	28.59	1,089	41.49		
401WRPUR	1" Water Distribution and Purchased Water Charge	11.85	28.59	22,758	298.27		
401WRPUR	2" Water Distribution and Purchased Water Charge	11.85	28.59	33,126	421.13		
401WRPUR	3/4" Water Distribution and Purchased Water Charge	11.85	28.59	23,996	312.94		
401WRPUR	5/8" Water Distribution and Purchased Water Charge	11.85	28.59	3,640	71.72		
Proposed Rates	Description	Usage -		Average		Amount	Percent
		Usage	Purchased Water	Usage	Bill		
401WCOM	5/8" Commercial Water Service	\$ 13.86		8,498	\$ 156.34	\$ 40.48	34.94%
401WCOM	1" Commercial Water Service	13.86		1,006	110.39	20.47	22.76%
401WCOM	1.5" Commercial Water Service	13.86		5,492	269.00	66.33	32.73%
401WCOM	3" Commercial Water Service	13.86		3,820	631.61	93.24	17.32%
401WRES	Water Residential (All Meter Sizes)	13.86		3,880	92.35	23.91	34.94%
401PWRFW	Foxwood Purchased Water	4.91	\$ 11.08	1,089	55.99	14.50	34.94%
401WRPUR	1" Water Distribution and Purchased Water Charge	4.91	11.08	22,758	402.48	104.20	34.94%
401WRPUR	2" Water Distribution and Purchased Water Charge	4.91	11.08	33,126	568.26	147.13	34.94%
401WRPUR	3/4" Water Distribution and Purchased Water Charge	4.91	11.08	23,996	422.27	109.33	34.94%
401WRPUR	5/8" Water Distribution and Purchased Water Charge	4.91	11.08	3,640	96.78	25.06	34.94%

**403 - WATER**

Present Rates	Description	Current Rate		Average		Amount	Percent
		Usage	Base	Usage	Bill		
403WRES	Water Residential (All Meter Sizes)	\$ 10.27	\$ 28.59	4,685	\$ 76.70		
Proposed Rates	Description	Usage -		Average		Amount	Percent
		Usage	Base	Usage	Bill		
403WRES	Water Residential (All Meter Sizes)	\$ 13.86	\$ 38.58	4,685	\$ 103.50	\$ 26.80	34.94%

Date of  
Last Rate  
Change

6/29/2018  
6/29/2018  
6/29/2018  
6/29/2018  
6/29/2018  
6/29/2018  
6/29/2018  
6/29/2018  
6/29/2018  
6/29/2018

Date of  
Last Rate  
Change

1/25/2019



# EXHIBIT C

## DHEC Letter



September 17, 2019

Mr. Samuel J. Wellborn  
Robinson Gray Stepp & Laffitte, LLC  
PO Box 11449  
Columbia SC 29211

Re: Blue Granite Water Company DHEC Permits  
PSC Rate Case (Water and Sewer), your letter of September 16, 2019

Dear Mr. Wellborn,

This letter serves to confirm that the systems on the list attached all have the valid DHEC permits needed to operate.

I can be reached at 803-898-4157 or at [clarkesm@dhec.sc.gov](mailto:clarkesm@dhec.sc.gov)

Sincerely,

Shawn M. Clarke, PE, Director  
Water Facilities Permitting Division

cc: Brenda Green  
Marty Chaney



SAMUEL J. WELLBORN

DIRECT 803 231 7829 DIRECT FAX 803 231 7878

swe llborn@robinsongray.com

September 16, 2019

VIA EMAIL

Shawn M. Clarke, P.E., Director  
Water Facilities Permitting Division  
S.C. Dept. of Health & Environmental Control  
2100 Bull Street  
Columbia, South Carolina 29201  
[clarkesm@dhec.sc.gov](mailto:clarkesm@dhec.sc.gov)

Re: Blue Granite Water Company DHEC Permits

Dear Mr. Clarke:

I represent Blue Granite Water Company (the "Company") as related to its application for approval of an adjustment in rates pending before the South Carolina Public Service Commission (the "Commission"). Pursuant to the Commission's regulations, as part of that proceeding, we must provide a letter of approval from the South Carolina Department of Health and Environmental Control as related to the Company's water and wastewater permits. I have included with this letter a list of the Company's systems and associated permit numbers. If you would please return to me a letter of approval as related to these systems, I would appreciate it.

If you have any questions about this request, please let me know.

Kind regards,

A handwritten signature in black ink, appearing to read 'S. Wellborn'.

Sam Wellborn

SJW:tch

Enclosure



Blue Granite Water System Name	Public Water System Permit #	Wastewater NPDES Permit #	Satellite Sewer System Permit #
Barney Rhett	4650018		
Bellemead Acres	0450016		
Bellemead (Midlands)	3250031		
Briarcreek I		SC0023736	
Briarcreek II		SC0026409	
Bridgewater	450033		
Brown Neal	4650047		
Browns Borough	4650061		
Calhoun Acres	0450014		
Cameron Acres	4650059		
Canterbury		SC0028941	
Carrollton Place	4650062		
Carrowood	4650035		
Carrowood		SC0038113	
Cedarwood	3250047		
Chambert Forest		SC0024716	
Charleswood	4050008		
Charwood	3250035		
Clearview	0450026		
Country Oaks	4650020	SC0039217	
Creekwood	3250042		
Dobbins Estates	0450058		
Dutchman Acres	3250028		
Dutchman Shores	3250021		
Edgebrook	0450004		
Emma Terrace	3250022		
Estates of Hilton	3250103		
Fairwood		SCG570020	
Falcon Ranches	3250016		
Farm Pond	4650056		
Farrowood Estates	4050012		
Fieldcrest	0450032		
Forty Love			SSS000754
Forty Love- Indian Fork	3250066		
Foxtrail	3250038		
Foxwood	4650008		
Foxwood		SC0027146	
Glenn Village II	3250058	SC0030651	
Greenforest	0450006		
Harborside	3270302		

Harmon Hill Estates	4050011		
Hayine Builders	0450063		
Heatherwood- Blue Ridge	3250015		
Hickory Hill	4650025		
Hidden Lake	4650040		
Hidden Lakes	0450072		
Hidden Valley	3250073		
Highland Forest		SC0034444	
Hill and Dale	0450036		
Hilton Place	3250072		
Hunters Glenn	250005		
Hunters Glenn	0250005		
I-20	3250012		
Idlewood	3250017		
Indian Cove	3250020		
Indian Fork 40 Love	3250066		SSS000755
Indian Pines	3250051		
Kellet MPH	403113		
Kim Acres	4650041		
Kingston Harbor			SSS000860
Kingswood	2350011		
Lake Village	3250054		
Lake Wylie	4650006		
Lakewood	0450065		
Lakewood Estates	3250005		
Lands End Condos	3270030		
Lesliedale	4660095		
Lesliewoods 2	4650051		
Lexington Farms	3250069		
Lexington Estates	3250050		
Lincolnshire			SSS000919
Mallard Cove	3250076		
Mallard Lakes	4650057		
Middlestream	4650052		
Milmont Shores	3250025		
Murray Lodge	3250013		
Murray Park	3250019		
Nevitt Forest	0450007		
Oakland Plantation	4350006		
Oakridge Hunt Club	4050019		
Oakwood Estates	0450076		
Old Farm	4650042		
Olympic Acres	4650053		
Palmetto Apartments			SSS000820
Parkwood	3250029		
Peachtree Acres	3250045		
Pepperridge	4660101		

Pocalla	4350007		
Polly's Circle	4660073		
Purdy Shores	0150014		
Raintree Acres	4050015		
Ridgewood	4650031		
River Hills			SSS000752
Riverbend Estates	4660103		
Rock Bluff	4550001		
Rollingwood	3250052		
Roosevelt Gardens		SC0029645	
Sangaree	3260012		
Shadowood Cove			SSS000007
Shandon	4650009	SC0027189	
Sherwood Forest	0450029		
Shiloh Quarters	4660092		
Silverlakes- Windwood	4650034		
Smallwoods		ND0007994	
Southbend Estates	4660100		
Springlake Estates	4650012		
Springfield Acres	4050006		
Stonegate	4050014		SSS000753
Surfside	0450066		
Tanglewood	4150011		
Tanya Terrace	3250023		
The Landings	3250063		
The Village			SSS000748
Towncreek Acres	0450003		
Trollingwood	2350010	SC0026611	
Valleybrook		SC0028673	
Valleymere	4650046		
Vanarsdale	3250027		
Washington Heights	4050013		
Watergate		SC0027162	
Wesleywood	4650016		
Westside Terrace	3250002		
Windy Hill	3250057		
Windy Run	4650048		
Wintercrest	4650017		
Windwood	4650034		
Woodbridge	4650028		
Woodmont Estates	2350013		
Woodmont High School			SSS000859

# EXHIBIT D

## Customer Bill Form



Bill Date	Account Number	Due Date	Please Pay
08/31/2019	XXXXXXXXXX	09/25/2019	\$153.73

Name DONNA DOE

Primary Phone # (#####)

**Service Address** 12345 Main Street, Any City SC, 29036

**Activity Since Last Bill**

Previous Balance	\$150.10	
Payments received as of 08/31/2019	-\$150.10	
Balance as of 08/31/2019		\$0.00

**Residential Water Service**

Water Base Charge	\$14.38	
9,740 gallons at \$7.55 per 1,000 gallons	\$73.54	
Safe Drinking Water Act Fee	\$0.73	
Total Residential Water Service		\$88.65

**Residential Wastewater Service**

Wastewater Collection	\$65.08	
Total Residential Wastewater Service		\$65.08
<b>Total Amount Due</b>		<b>\$153.73</b>

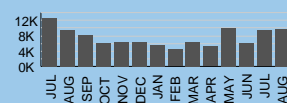
**Summary of Service**

**Meter Reading** Meter # 000000  
 Current 2332230 08/26/2019  
 Previous 2322490 07/26/2019  
 Usage 9,740 Gallons  
 Number of Days: 31  
 Average Daily Use: 314.19 Gallons  
 Average Daily Cost: \$4.96  
 Register Constant: 1

**Billing History**  
in dollars



**Consumption History for Water**  
in GAL



A fee of 1.5% per month will be added if unpaid by the due date. Make check payable to: Blue Granite Water Company.  
 Rate Schedules are available upon request. Visit [www.bluegranitewaterco.com](http://www.bluegranitewaterco.com) for important account offerings.

**Messages**

The Company is under the jurisdiction of the PSC. You may contact the ORS at 800-922-1531 with any complaints that remain unresolved after 7 days.



PO Box 160609  
 Altamonte Springs, FL 32716-0609

Account Number: xxxxxxxxxx  
 Due Date: 09/25/2019  
 Please Pay: **\$153.73**

Amount Paid

DONNA DOE  
 12345 Main Street  
 Any City, SC 29036

Blue Granite Water Company  
 PO BOX 11025  
 LEWISTON ME 04243-9476



# EXHIBIT E

## Annual Report and Gross Receipts Form

# WATER UTILITY ANNUAL REPORT OF

**CAROLINA WATER SERVICE, INC.**

Exact Legal Name of Respondent

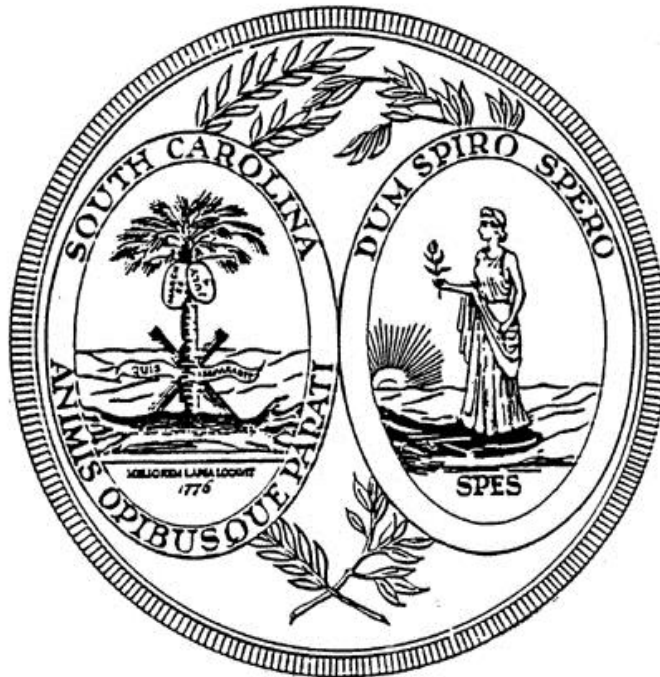
**\_\_\_\_\_**  
PSC/ORS Number (leave blank)

**FOR THE YEAR ENDED 2018**

☒ Calendar Year Ending December 31, 2018

or

☐ Fiscal Year Ending \_\_\_\_\_



**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

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**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**GENERAL INSTRUCTIONS**

1. All water utilities are required by state law to complete and file this annual report. Two copies should be mailed to the South Carolina Office of Regulatory Staff, 1401 Main Street, Ste. 900, Columbia, SC 29201 by April 1, 2019. A third copy should be retained by the company for reference. Upon receipt, the Office of Regulatory Staff will forward one copy to the Public Service Commission of South Carolina. Filing two copies with the Office of Regulatory Staff will satisfy the utility's responsibility for submitting an annual report as required pursuant to Commission regulations. Pencil entries will not be permitted on the hard copy.
2. All forms are available in PDF fileable format on the Office of Regulatory Staff web site at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov). An Excel form is available via email.
3. Respond to each item using "0", "none", or "not applicable" as appropriate.
4. Requests for extension must be in writing to the Office of Regulatory Staff. Extension requests postmarked after April 1, 2019 will be denied.
5. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in S.C. Code Ann. Section 58-5-220 and Commission regulation 103-520.
6. Standard accounting procedures will apply in determining the nature of any entry (e.g. entries of a reverse character will be indicated by a parentheses around the number).
7. The report will be filed consisting of data relative to a calendar year basis or the company's fiscal year, but not both.
8. If this report is made for a period less than the calendar year or fiscal year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where it is necessary to include the period covered. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes).
9. All instructions should be followed and each question should be answered fully and accurately. Sufficient answers are those in which no question or schedule has been overlooked. The expression "none" or "not applicable" should be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. In any instance where information called for is not given, the reason for its omission should be stated fully.
10. Dates, when called for, should include the day, month and year. Customary abbreviations may be used in stating dates.
11. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year; otherwise, an appropriate explanation of why different figures were used should be given.
12. One copy of the respondent's latest corporate annual report, if issued, should be submitted with this report. If the respondent is a member of a group, both the parent and subsidiary's corporate annual report should be submitted.

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**GENERAL INSTRUCTIONS  
(Continued)**

13. Throughout this report, money items will be rounded to the nearest dollar.
14. Failure to comply with the submission of the annual report may result in fines and/or loss of certification.
15. Separate notification is required for changes in company information -- i.e. name, address, telephone number, contact names, sale or purchase of Company, corporate structure.
16. Do not fold forms.
17. Use this form for a water utility ONLY! If your utility operates a wastewater system in addition to a water system, complete a separate annual report for the wastewater system. **DO NOT COMBINE BOTH WATER AND WASTEWATER INFORMATION ON THE SAME FORM!**

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 100. IMPORTANT CHANGES DURING THE YEAR**

Provide written responses for each of the items listed below. Make the written statements clear and brief. A response must be given for each item. However, if the word "none" is an accurate response, it may be used as such. Similarly, if information is given elsewhere in the report which would serve as a response to an item, reference that information in the space provided.

1. Have you had changes or additions to franchise rights? If so, describe (a) the actual payment given in exchange for the franchise rights, and (b) from whom acquired. If acquired without payment, state that fact.

None

2. Have any of the following occurred -- acquisition of other companies, or reorganization, merger or consolidation with other companies? If so, give names of companies involved, details concerning the transactions, and reference to Commission authorization, including docket numbers.

None

3. Have any of the following occurred -- purchase or sale of operating units, such as sources, treatment and storage facilities, transmission and distribution systems, or similar occurrences? If so, specify items, parties, effective dates and also reference the Commission authorization, including docket numbers.

None

4. Have any leaseholds been acquired, given, assigned, or surrendered? If so, give the effective dates, lengths of terms, names of parties, rents, Commission authorization, (docket numbers), if any, and other conditions.

Yes.

1) On February 5, 2018, a lease agreement was entered into by Carolina Water Service, Inc. and York County, SC. This lease, as it relates to water services, is a lease from York County to CWS of all York-County-owned infrastructure located within the CWS Franchise area. CWS is responsible for maintaining, upgrading, extending, or replacing the following water mains on the leased property: 3,106 ft of 6"; 6,684 ft. of 10"; 11,604 ft. of 12". CWS is also responsible for maintaining, upgrading, extending, or replacing The Mill Pond Chemical Feed Facility.

2) On June 28, 2018, Carolina Water Service, Inc. entered into a lease agreement with Family Court, LLC to lease 1,069 square feet of office space for \$2,227.08 per month. The office space is located at 130 South Main Street, Suite 600, Greenville, SC 29601. This lease ran through the remainder of 2018 (technically through February 28,

5. Have there been any extensions of service territories? If so, include the Commission authorization (docket numbers), that give the location of the new service territory covered by distribution system and the dates of beginning operations. Give the number of customers by class; for each class, give the number of customers estimated with regard to annual revenues for the new territories.

None

6. What is the estimated increase or decrease in annual revenues due to rate changes, (cite docket numbers), and the approximate extent to which the increase or decrease is reflected in revenues for the reporting year?

Rate case Docket No. 2017-292-WS resulted in an approximate \$1,286,013 annual increase.

Approximately \$643,007 of the increase is reflected in revenues for the reporting year.

7. Have there been any wage scale changes? If so, show the dates of changes, the effect on operating expenses for the year, and estimated annual effect of the wage scale changes on operating expenses.

April 2018 raises averaged 3.0%

8. Have there been any obligations incurred or assumed by you, the respondent, as guarantor for the performance by another of any agreement or obligation -- excluding ordinary corporate bonds maturing on demand or not later than one year after date of issue? If so, give the Commission authorization, (docket number), if any.

None

9. Have there been any changes in articles of incorporation or amendments to charters? If so, explain the nature and purpose of these changes or amendments. Note any filing with the Commission.

None

10. Other changes not provided for elsewhere.

None

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 110. DEFINITIONS**

**“Accounts”** means the accounts prescribed in the NARUC Uniform System of Accounts.

**“Amortization”** means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, which may be over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

**“Book Cost”** means the amount at which property is recorded in the applicable account without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

**“Class A”** for water utilities means a utility having annual water operating revenues of \$1,000,000 or more.

**“Class B”** for water utilities means a utility having annual water operating revenues of \$200,000 or more but less than \$1,000,000.

**“Class C”** for water utilities means a utility having annual water operating revenues of less than \$200,000.

**“Control”** (including the terms; “controlling,” “controlled by,” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract or any other direct or indirect means.

**“Cost”** means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

**“Debt Expense”** means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

**“Depreciation”**, as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of the utility plant in the course of providing service. This includes causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of regulatory bodies.

**“Distribution Mains”** means any pipes whose primary purpose is to distribute treated water throughout a community, and whose components include arterial or primary feeders, secondary feeders, and the distribution grid works.

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

## Schedule 110. DEFINITIONS (Continued)

**“Investment Advances”** means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

**“Minor Items of Property”** means the associated parts or items of which retirement units are composed.

**“Net Salvage Value”** means the salvage value of property retired less the cost of removal.

**“Nominally Issued”**, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued directly to trustees of sinking funds in accordance with contractual requirements.

**“Original Cost”**, as applied to utility plant, means the cost of such property to the person first devoting it to public service.

**“Property Retired”**, as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

**“Replacing or Replacement”**, when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

**“Retained Earnings”** means the accumulated net income of the utility less distributions to stockholders and transfers to other capital accounts, and other adjustments.

**“Salvage Value”** means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

**“Straight-Line Remaining Life Method”**, as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and (accounts if used), and credited to the accumulated depreciation account through equal annual changes during its service life. “Remaining Life” implies that estimates of the future life and salvage shall be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

**“Supply Main”** means any main, pipe, or aqueduct or canal whose primary purpose is to convey raw untreated water from one unit to another unit in the source of supply and pumping plant, and to the water treatment equipment.

**“Transmission Main”** means any pipes whose primary purpose is to convey treated water from the water treatment equipment or pumping station to the distribution system serving a community and generally provides no service connections with customers.

**“Utility”**, as used herein and when not otherwise indicated in the context, means any public utility to which the uniform system of accounts is applicable.



**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 120. EXECUTIVE SUMMARY****1. IDENTIFICATION (legal title)**

PSC/ORS No.	<u>                    </u> (leave blank)	Federal ID No.: <u>                    </u>
Check Business Structure & Indicate Date	<input type="checkbox"/> Sole Proprietorship <u>                    </u>	<input type="checkbox"/> Partnership <u>                    </u>
		<input checked="" type="checkbox"/> Corporation <u>                    </u>
Name of Company:	<u>Carolina Water Service, Inc.</u>	
Doing Business As:	<u>Carolina Water Service, Inc.</u>	
Street Address:	<u>130 S Main St, Ste 800</u>	
City:	<u>Greenville</u>	State: <u>SC</u> Zip Code: <u>29601</u>
Mailing Address:	<u>(same as above)</u>	
City:	<u>                    </u>	State: <u>                    </u> Zip Code: <u>                    </u>
Telephone No. (Include Area Code):	<u>( 847 ) 498-6440</u>	

(a) State whether any change was made in the name of the respondent during the year. If so, state the changes and the dates when they were made. No

(b) State whether the respondent is a firm or partnership. If a partnership, give the names of the partners and the proportion of their respective interests. Not Applicable

(c) State the kinds of business, other than Water Utility, in which the respondent was engaged at any time during the year. If none, state that fact. None

(d) Give the names and office addresses of the Board of Directors, if any, of the respondent at the close of the year, as well as the dates of expiration of their respective terms. If any person abandoned, resigned from, or was removed from a directorship during the year, give full details in a footnote. If the organization was a partnership, give the names of the partners and designate them as such.

Name of Director	Office Address	Term Begins	Term Ends
Lisa A. Sparrow	2335 Sanders Rd Northbrook, IL 60062	8/27/18	08-19
Laura Granier	2335 Sanders Rd Northbrook, IL 60062	8/27/18	08-19

CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

## Schedule 120. EXECUTIVE SUMMARY (Continued)

- (e) Give the titles of all officers of the respondent at the close of the year, the names of persons holding the offices at year end, and the date when each originally assumed the duties of the office. If any person abandoned, resigned from, or was ousted from any office during the year, give full details in a footnote.

Title of Officer	Name of Person Holding Office	Office Address	Date of Entry
President	Catherine Heigel	130 S Main St, Ste 800 Greenville, SC 29601	8/27/18
Director, External Affairs and Strategy	Michael Cartin	130 S Main St, Ste 800 Greenville, SC 29601	8/27/18
Secretary	Laura Granier	2335 Sanders Rd. Northbrook, IL 60062	8/27/18
Treasurer	Jim Andrejko	2335 Sanders Rd. Northbrook, IL 60062	8/27/18
Assistant Secretary	Debra A. Plumb [1]	2335 Sanders Rd. Northbrook, IL 60062	8/27/18

- (f) Give the date of incorporation of respondent and the name of the state or territory under whose laws the incorporation was organized. The Company was incorporated on 8/28/1972 and was incorporated under the state of Delaware.

### 2. CONTACT (for purpose of this report)

Contact Name:	Robert Hunter		
Title:	Director, Financial Planning & Analysis	Telephone:	(864)-203-0232
Email Address:	robert.hunter@bluegranitewaterco.com	Fax No.:	Not Applicable

### 3. MAILING ADDRESS (if different from above)

Mailing Address:	130 S Main St, Ste 800		
City:	Greenville	State:	SC
		Zip Code:	29601

### CERTIFICATION

I hereby certify that the enclosed Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.

Name:	Robert Hunter	Title:	Director, Financial Planning & Analysis
Signature:		Date:	4/30/2019

Notes:

[1] Debra A. Plumb retired on December 31, 2018.

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY****GENERAL INFORMATION**

Submit a copy of the Company's latest DHEC quality of service letter/report with this annual report.

**PHYSICAL DESCRIPTION:**

Description of water system: \_\_\_\_\_

Seventy three well systems, two of which have elevated storage while the remainder have either hydro-pneumatic or ground storage tanks. Seven of these systems also have supplemental purchased water supplies. There are thirty two systems where all the water is purchased.

Number of wells in use: see below Number of tanks in use/size: see below

Raw water reservoir capacity: \_\_\_\_\_

Settling basins - number and size: \_\_\_\_\_

Equipment - description and make: \_\_\_\_\_

Wells	145	5,336 gpm
Hydro-pneumatic or Ground Storage Tanks	100	773,800 gallons
Elevated Storage Tanks	3	375,000 gallons

Is fire protection provided by system? Only in the River Hills Service Area and in the Forty Love Subdivision

Number of fire hydrants in use: 562

Kind of Pipe (Cast Iron, Galvanized Iron, Coated Steel, etc.)	Diameter of Pipe (inches)	Beginning of Year (feet)	Removed / Abandoned (feet)	End of Year (feet)
Water Mains		1,432,030		1,446,296

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY  
(Continued)**

**SERVICES AND METERS**

Size and Description	Owned by Utility				Owned by Customers end of Year
	Beginning of year	Added	Retired or Abandoned		End of Year
Meters in use and in stock					
3/4" (5/8")	15,492	2,210			17,702
1"	81	21			102
1 1/4"	-	-			-
1 1/2"	38	16			54
1 3/4"	-	-			-
2"	70	6			76
other size	14	3			17
Total Meters in use and in stock	15,695	2,256	-	-	17,951
Meters in stock only - all sizes					
Services in use (feet)					
Iron pipe					
Lead and copper pipe					
Total services in use (feet)					
Services not in use (feet)					
Iron pipe					
Lead and copper pipe					
Total services not in use (feet)					
Total Services (feet)					

**TREATMENT:**Is water purified? See page 9.1

Method used (sedimentation, slow or fast sand filtration, chemical, aeration, or other):

Dimensions, sizes, and 24-hour capacities of sand filtration beds:

Coagulants used:

Sterilization treatment used: All of the wells operated by CWS use sodium hypochlorite to disinfect the drinking water.Is water fluoridated? None of the ground water systems are fluoridated.Is water softened? See page 9.1Method used: NA

CAROLINA WATER SERVICES INC.

SUB#	ADDR.	NAME	W/S	CO#	Water	Sewer	Wells			Ground Storage		Elevated	Total	Fire Hydrants		Lift	WWTP			Disinfection Method	WWTP FLOWS			
					Main	Main	Number of Wells	GPM	Treatment*	#	Capacity	#	Capacity	In Gallons	#	Fire Protection	#	#	Capacity		Type	Weekly Average Max (MGD)	Daily Max (MGD)	Average Daily (MGD)
	CWS	CAROLINA WATER SERVICE, INC. PARENT			400																			
		SALEM CHURCH		S	400	6,680											5		Treated at Friarsgate WWTP					
	CWS	FALCON RANCHES		W	400	9,504	2	115	1,2	2	20,000		20,000	0	No									
		WESTSIDE TERRACE		W	400	9,504			Treatment by City of West Columbia	2	10,000			0	No									
	CWS	BLUE RIDGE/HEATHERWOOD		W	400	13,622	3	125	1,2	4	30,000		30,000	7	No									
	CWS	POCALLA		W&S	400	5,280	2	130	1,2,3	1	8,000		8,000	0	No		1	0.1040	Activated Sludge	UV	na	0.1800	0.0548	
	CWS	ROCK BLUFF		W	400	2,640	1	38		1	4,700		4,700	0	No									
		OAKLAND PLANTATION		S	400	14,995											1	1	0.1600	Activated Sludge	Sodium Hypochlorite	na	0.2500	0.0648
	CWS	INDIAN FORK		W&S	400	22,176	24,878		Treatment by the City of Columbia					0	No		1		Collection Only	Treated by City of Chapin				
	CWS	INDIAN PINES		W	400	1,056																		
							Purchased Water as of September 2013		Treatment by City of West Columbia															
									Treatment by City of West Columbia															
	CWS	ROLLINGWOOD		W&S	400	24,288	28,512		Purchased Water					8	No		2		Treated at Watergate WWTP					
	CWS	HIDDEN VALLEY TRAILER PARK		S	400	8,026											1		Treated at I-20 WWTP					
	CWS	SMALLWOOD ESTATES/LAKEWOOD ESTATES/ARROWH		W&S	400	21,537	4	171	1,2,3,5,6	3	30,000		30,000	0	No		5	1	0.0600	Aerated Lagoon		na	0.0458	0.0240
	CWS	FRIARSGATE		S	400	473,609			Treatment by City of West Columbia								9	1	1.2000	Activated Sludge	Sodium Hypochlorite	1.0160	0.5425	0.6048
	CWS	THE LANDINGS		W&S	400	11,088	14,784		Treatment by City of West Columbia					0	No		1		Treated at Watergate WWTP					
	CWS	HARBORSIDE/Harbour Place/Windward Pt		W&S	400	5,280	5,280		Purchased Water					0	No		3		Treated at Watergate WWTP					
	CWS	PALMETTO APTS.		S	400	5,280													Collection Only	Treated by Beaufort Jasper WSA				
	CWS	ROOSEVELT GARDENS		S	400	1,056											1	0.0676	Activated Sludge	Sodium Hypochlorite	na	0.0676	0.0400	
	CWS	HIDDEN VALLEY COUNTRY CLUB		W	400	12,144	2	370	1,2			1	75,000	75,000	11	No								
		PEACHTREE ACRES		W	400	10,560			Treatment by City of West Columbia					0	0	No								
	CWS	HUNTER'S GLEN		W	400	8,976	3	192	1,2,3	3	34,000		34,000	3	No									
	CWS	IDLEWOOD		W	400	3,696			Purchased water						0	No								
	CWS	LINCOLNSHIRE/WHITES CREEK		S	400	13,200											2		Collection Only	Pumped to Georgetown County Water and Sewer Authority Treated by the City of Savannah				
	CWS	40 LOVE POINT		W&S	400	17,741	18,427		Treatment by the City of Columbia				0	15	yes		1		Collection Only	Treated by Richland County				
	CWS	RAINBOW/GLEN VILLAGE/STONEBRIDGE		W&S	400	19,008	26,920	2	141	1,2,3,5,7	1	10,000		10,000	4	No	4	1	0.1280	Activated Sludge	Sodium Hypochlorite	na	0.1285	0.0291
	CWS	NORTH LAKE SHORE POINT		S	400	3,168													Collection Only	Treated by Richland County				
	CWS	BALLENTINE COVE		S	400	30,703											1		Treated at Friarsgate WWTP					
	CWS	SHADOWOOD COVE		S	400	14,984											2		Collection Only	Treated by Richland County				
	CWS	SECRET COVE		S	400	11,088											2		Treated at Watergate WWTP					
	CWS	GOVERNOR'S GRANT		S	400	33,792											4		Treated at Watergate WWTP					
		I-20		W&S	400	180,711	309,216		Treatment by City of West Columbia					107	No		15	1	0.8000	Aerated Lagoon	Sodium Hypochlorite	0.7769	NA	NA
	CWS	RIVER HILLS YORK COUNTY SERVICE AREA		W&S	400	241,658	304,117		Treatment by City of Rock Hill			1	200,000	200,000	402	Yes	69		Collection Only	Treated by the City of Rock Hill				
	CWS	LANDS END/WATERGATE/SPENCE PT		W&S	400	23,676	64,382		Treatment by City of West Columbia	1	5,000		5,000	5	No		3	1	0.2940	Activated Sludge	Sodium Hypochlorite	na	0.2940	0.1600
	CWS	MALLARD COVE/SEAY COVE		W&S	400	2,556	1	30	1,2,3								1		Treated at Watergate WWTP					
	CWS	NORTH PINES/STONEGATE		W&S	400	24,130	24,816	3	198		2	10,000		10,000	0	No			Collection only	Treatment by Richland County				
	CWS	KINGSTON HARBOR		S	400	11,828											4		Collection only	Treatment by City of Cayce				
	SUI	CREEKWOOD		W	402	10,560	4	170	1	1	10,000		10,000	1	No									
	SUI	CEDARWOOD		W	402	7,120	2	83	1,3	1	10,000		10,000	0	No									
	USSC	PARKWOOD		W	401	7,500			Treatment by City of West Columbia															
	USSC	TANYA TERRACE		W	401	1,600	3	43	1,2	1	6,000		6,000	0	No									
	USSC	EMMA TERRACE		W	401	1,600	1	13	1,2	1	6,000		6,000	0	No									



[illegible]

## 9.1

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY**  
**(Continued)**

**SERVICE AREA AND CUSTOMER DATA:**

Area and/or subdivisions served by water system: \_\_\_\_\_

Areas of Lexington, Sumter, Williamsburg, Richland, Saluda, Greenville, Anderson, Abbeville, \_\_\_\_\_

Aiken and York Counties \_\_\_\_\_

Total number of residential customers at the end of the fiscal or calendar year: 15,881Total number of commercial customers at the end of the fiscal or calendar year: 391

Total number of industrial customers at the end of the fiscal or calendar year: \_\_\_\_\_

Total number of customers at the end of the fiscal or calendar year: 16,272



CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

### Schedule 200. BALANCE SHEET ASSETS AND OTHER DEBITS

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY PLANT</b>	
2	101 Utility Plant in Service ( <b>Schedule 201</b> )	49,240,152
3	102 Utility Plant Leased to Others	
4	103 Property Held for Future Use	
5	104 Utility Plant Purchased or Sold	281,706
6	105 Construction Work in Progress	1,610,569
7	106 Completed Construction not Classified	
8	<b>Total Utility Plant</b>	<b>51,132,428</b>
9	<b>ACCUMULATED DEPRECIATION</b>	
10	108.1 Utility Plant-in-Service ( <b>Schedule 202</b> )	(10,310,478)
11	108.2 Utility Plant Leased to Others	
12	108.3 Property Held for Future Use	
13	<b>Total Accumulated Depreciation</b>	<b>(10,310,478)</b>
14	<b>ACCUMULATED AMORTIZATION</b>	
15	110.1 Utility Plant in Service	
16	110.2 Utility Plant Leased to Others	
17	<b>Total Accumulated Amortization</b>	<b>-</b>
18	<b>UTILITY PLANT ADJUSTMENTS</b>	
19	114 Utility Plant Acquisition ( <b>Schedule 203</b> )	(773,253)
20	115 Accumulated Amortization of Utility Plant Acquisition ( <b>Schedule 203</b> )	18,051
21	116 Other Utility Plant	
22	<b>Total Utility Plant Adjustments</b>	<b>(755,203)</b>
23	<b>TOTAL NET UTILITY PLANT</b>	<b>40,066,747</b>
24	<b>OTHER PROPERTY AND INVESTMENTS</b>	
25	<b>OTHER PROPERTY</b>	
26	121 Non-Utility Property	
27	122 Accumulated Depreciation and Amortization of Non-Utility Property	
28	<b>Total Other Property</b>	<b>-</b>
29	<b>INVESTMENTS</b>	
30	123 Investments in Associated Companies	
31	124 Utility Investments	
32	125 Other Investments	
33	126 Sinking Funds	
34	127 Other Special Funds	
35	<b>Total Investments</b>	<b>-</b>
36	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<b>40,066,747</b>

CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>CURRENT AND ACCRUED ASSETS</b>	
2	131.1 Cash on Hand	
3	131.2 Cash in Bank	2,022
4	132 Special Deposits (Interest and/or Dividends)	-
5	133 Other Special Deposits	
6	134 Working Funds	
7	135 Temporary Cash Investments	
8	141 Customer Accounts Receivable	3,626,633
9	142 Other Accounts Receivable	(14,901,385)
10	143 Accumulated Provision for Uncollectible Accounts-Credit	(240,436)
11	144 Notes Receivable	
12	145 Accounts Receivable from Associated Companies	
13	146 Notes Receivable from Associated Companies	
14	151 Plant Material and Supplies	
15	152 Merchandise	
16	153 Other Material and Supplies	
17	161 Stores Expense	
18	162 Prepayments	145,742
19	171 Accrued Interest and Dividends Receivable	
20	172 Rents Receivable	
21	173 Accrued Utility Revenues	
22	174 Miscellaneous Current and Accrued Assets	
23	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>(11,367,424)</b>
24	<b>DEFERRED DEBITS</b>	
25	181 Unamortized Debt Discount and Expense	
26	182 Extraordinary Property Losses	
27	183 Preliminary Survey and Investigation Charges	
28	184 Clearing Accounts	
29	185 Temporary Facilities	
30	186.1 Deferred Rate Case Expense	1,034,207
31	186.2 Other Deferred Debits	1,354,528
32	186.3 Regulatory Assets	
33	187 Research and Development Expenditures	
34	190.1 Accumulated Deferred Federal Income Taxes	
35	190.2 Accumulated Deferred State Income Taxes	
36	190.3 Accumulated Deferred Local Income Taxes	
37	<b>TOTAL DEFERRED DEBITS</b>	<b>2,388,735</b>
38	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>31,088,058</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>EQUITY CAPITAL</b>	
2	201 Common Stock Issued	11,500
3	202 Common Stock Subscribed	
4	203 Common Stock Liability for Conversion	
5	204 Preferred Stock Issued	
6	205 Preferred Stock Subscribed	
7	206 Preferred Stock Liability for Conversion	
8	207 Premium on Capital Stock	
9	209 Reduction in Par or Stated Value of Capital Stock	
10	210 Gain on Resale or Cancellation of	
11	211 Other Paid-In Capital	24,487,875
12	212 Discount on Capital Stock	
13	213 Capital Stock Expense	
14	214 Appropriated Retained Earnings (Schedule 204)	
15	215 Unappropriated Retained Earnings (Schedule 204)	7,256,557
16	216 Reacquired Capital Stock	
17	218 Proprietary Capital (for proprietorships & partnerships only)	
18	<b>TOTAL EQUITY CAPITAL</b>	<b>31,755,931</b>
19	<b>LONG-TERM DEBT</b>	
20	221 Bonds (Schedule 205)	
21	222 Reacquired Bonds (Schedule 205)	
22	223 Advances from Associated Companies	
23	224 Other Long-Term Debt (Schedule 205)	
24	<b>TOTAL LONG-TERM DEBT</b>	
25	<b>CURRENT AND ACCRUED LIABILITIES</b>	
26	231 Accounts Payable	4,716,566
27	232 Notes Payable	
28	233 Accounts Payable to Associated Companies	12,023,621
29	234 Notes Payable to Associated Companies	1,823,272
30	235 Customers' Deposits-Billing	327,407
31	236.11 Accrued Taxes, Utility Operating Income, Taxes Other Than Income	64,845
32	236.12 Accrued Taxes, Utility Operating Income, Income Taxes	(10,800)
33	236.2 Accrued Taxes, Other Income and Deductions	
34	237.1 Accrued Interest on Long-Term Debt	15,026
35	237.2 Accrued Interest on Other Liabilities	
36	238 Accrued Dividends	
37	239 Matured Long-Term Debt	
38	240 Matured Interest	
39	241 Miscellaneous Current and Accrued Liabilities	
40	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<b>18,959,938</b>

CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>DEFERRED CREDITS</b>	
2	251 Unamortized Premium on Debt	
3	252 Advances for Construction	-
4	253.1 Other Deferred Credits, Regulatory Liabilities	4,434,029
5	253.2 Other Deferred Credits, Other Deferred Liabilities	3,513,689
6	255.1 Accumulated Deferred Investment Tax Credits, Utility Operations	
7	255.2 Accumulated Deferred Investment Tax Credits, Non-Utility Operations	152,154
8	<b>TOTAL DEFERRED CREDITS</b>	<b>8,099,872</b>
9	<b>OPERATING RESERVES</b>	
10	261 Property Insurance Reserve	
11	262 Injuries and Damages Reserve	
12	263 Pensions and Benefits Reserve	
13	265 Miscellaneous Operating Reserve	
14	<b>TOTAL OPERATING RESERVES</b>	
15	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)</b>	
16	271 Contributions in Aid of Construction (Schedule 206)	11,511,124
17	272 Accumulated Amortization of CIAC (Schedule 207)	(2,335,318)
18	<b>TOTAL NET CIAC</b>	<b>9,175,806</b>
19	<b>ACCUMULATED DEFERRED INCOME TAXES</b>	
20	281 Accelerated Amortization	
21	282 Liberalized Depreciation	
22	283 Other	
23	<b>TOTAL ACCUMULATED DEFERRED INCOME TAXES</b>	<b>-</b>
24	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	<b>67,991,547</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 201. UTILITY PLANT-IN-SERVICE - Account No. 101**

All amounts included in accts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.1 INTANGIBLE PLANT</b>					
2	301.1 Organization	298,430	0	0	0	298,430
3	302.1 Franchises	59,551	0	0	0	59,551
4	339.1 Other Plant and Miscellaneous Equipment	2,894	0	0	0	2,894
5	<b>Total Intangible Plant</b>	<b>360,876</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>360,876</b>
6	<b>.2 SOURCE OF SUPPLY AND PUMPING PLANT</b>					
7	303.2 Land and Land Rights	6,252	667	0	0	6,920
8	304.2 Structures and Improvements	3,515,109	65,177	(7,967)	0	3,572,318
9	305.2 Collecting and Impounding Reservoirs	0	0	0	0	0
10	306.2 Lake, River and Other Intakes	0	0	0	0	0
11	307.2 Wells and Springs	2,842,325	50,840	(13,465)	0	2,879,699
12	308.2 Infiltration Galleries and Tunnels	0	0	0	0	0
13	309.2 Supply Mains	735,619	6,845	0	0	742,464
14	310.2 Power Generation Equipment	0	0	0	0	0
15	311.2 Pumping Equipment	501,676	48,834	(21,285)	0	529,225
16	339.2 Other Plant and Miscellaneous Equipment	2,211	0	0	0	2,211
17	<b>Total Source of Supply and Pumping Plant</b>	<b>7,603,192</b>	<b>172,362</b>	<b>(42,718)</b>	<b>0</b>	<b>7,732,836</b>
18	<b>.3 WATER TREATMENT EQUIPMENT</b>					
19	303.3 Land and Land Rights	38	0	0	0	38
20	304.3 Structures and Improvements	1,319,388	13,198	(2,560)	0	1,330,027
21	311.3 Pumping Equipment	2,879,370	62,998	(27,786)	0	2,914,582
22	320.3 Water Treatment Equipment	1,823,849	16,011	(8,616)	0	1,831,244
23	339.3 Other Plant and Miscellaneous Equipment	1,890	0	0	0	1,890
24	<b>Total Water Treatment Equipment</b>	<b>6,024,535</b>	<b>92,206</b>	<b>(38,961)</b>	<b>0</b>	<b>6,077,781</b>
25	<b>.4 TRANSMISSION AND DISTRIBUTION PLANT</b>					
26	303.4 Land and Land Rights	23,737	5,155	0	0	28,892
27	304.4 Structures and Improvements	30,701	0	0	0	30,701
28	311.4 Pumping Equipment	598,512	105,097	(37,649)	0	665,960
29	330.4 Distribution Reservoirs and Standpipes	7,061,159	171,308	(35,511)	0	7,196,956
30	331.4 Transmission and Distribution Mains	11,799,552	66,583	(60,230)	0	11,805,906
31	333.4 Services	5,136,711	381,835	(153,633)	0	5,364,914
32	334.4 Meters and Meter Installations	1,288,369	72,132	0	0	1,360,501
33	335.4 Hydrants	386,694	11,713	(1,478)	0	396,929
34	336.4 Backflow Prevention Devices	21,369	2,353	(878)	0	22,845
35	339.4 Other Plant and Miscellaneous Equipment	1,457	0	0	0	1,457
36	<b>Total Transmission and Distribution Plant</b>	<b>26,348,262</b>	<b>816,177</b>	<b>(289,377)</b>	<b>0</b>	<b>26,875,061</b>
37	<b>.5 GENERAL PLANT</b>					
38	303.5 Land and Land Rights	566,504	5,469	0	0	571,973
39	304.5 Structures and Improvements	908,482	(239,090)	0	0	669,392
40	340.5 Office Furniture and Equipment	4,340,704	82,413	0	0	4,423,117
41	341.5 Transportation Equipment	1,570,644	352	0	0	1,570,996
42	342.5 Stores Equipment	0	0	0	0	0
43	343.5 Tools, Shop and Garage Equipment	583,145	485	0	0	583,630
44	344.5 Laboratory Equipment	126,599	2,128	(180)	0	128,547
45	345.5 Power Operated Equipment	2,261	0	0	0	2,261
46	346.5 Communication Equipment	210,586	(1,645)	0	0	208,941
47	347.5 Miscellaneous Equipment	15,820	0	0	0	15,820
48	348.5 Other Tangible Plant	18,922	0	0	0	18,922
49	<b>Total General Plant</b>	<b>8,343,667</b>	<b>(149,889)</b>	<b>(180)</b>	<b>0</b>	<b>8,193,599</b>
50	<b>101 TOTAL UTILITY PLANT-IN-SERVICE</b>	<b>48,680,531</b>	<b>930,857</b>	<b>(371,236)</b>	<b>0</b>	<b>49,240,152</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 202. ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE**  
**Account No. 108.1**

Report below an analysis of the changes in accumulated depreciation during the year for each plant category.

Line No.	Depreciated Property Item (a)	Previous Year-End Balance (b)	Credits		Debits		Current Year-End Balance (g)
			Depreciation Expense (c)	Salvage and Other Credits (d)	Plant Retired (e)	Cost of Removal and Other Debits (f)	
1	301 Organization	72,347	4,477		-	(8,953)	67,870
2	302 Franchises	(27,760)	893		-	(1,787)	(28,654)
3	303 Land & Land Rights	-			-	-	-
4	304 Structures and Improvements	(873,348)	86,903		(10,527)	(138,896)	(935,868)
5	305 Collecting and Impounding Reservoirs	-	-		-	-	-
6	306 Lake, River, and Other Intakes	-	-		-	-	-
7	307 Wells and Springs	(328,407)	44,616		(13,465)	(62,302)	(359,558)
8	308 Infiltration Galleries and Tunnels	-	-		-	-	-
9	309 Supply Mains	(51,046)	11,731		-	(23,462)	(62,776)
10	310 Power Generation Equipment	-	-		-	-	-
11	311 Pumping Equipment	5,905	64,560		(86,719)	44,318	28,064
12	320 Water Treatment Equipment	(220,481)	33,189		(8,616)	(49,146)	(245,054)
13	330 Distribution Reservoirs and Standpipes	(134,177)	109,075		(35,511)	(147,128)	(207,741)
14	331 Transmission and Distribution Mains	(2,810,821)	179,795		(60,230)	(239,131)	(2,930,387)
15	333 Services	80,800	81,579		(153,633)	144,108	152,854
16	334 Meters and Meter Installations	(323,113)	20,963		-	(41,927)	(344,076)
17	335 Hydrants	(60,290)	5,851		(1,478)	(8,748)	(64,663)
18	336 Backflow Prevention Devices	3,191	438		(878)	879	3,631
19	339 Other Plant and Misc. Equipment	(4,884)	297		-	(593)	(5,180)
20	340 Office Furniture and Equipment	(3,790,374)	157,366		-	(135,696)	(3,768,704)
21	341 Transportation Equipment	(1,206,843)	160,377		-	(96,196)	(1,142,662)
22	342 Stores Equipment	-	-		-	-	-
23	343 Tools, Shop, and Garage Equipment	(305,401)	9,156		-	(18,198)	(314,444)
24	344 Laboratory Equipment	(41,884)	1,991		(180)	(3,622)	(43,695)
25	345 Power Operated Equipment	409	34		-	(68)	375
26	346 Communication Equipment	(96,024)	6,016		-	(10,680)	(100,689)
27	347 Miscellaneous Equipment	(3,182)	651		-	(1,302)	(3,833)
28	348 Other Tangible Plant	(4,340)	949		-	(1,897)	(5,288)
29	<b>TOTAL ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE</b>	(10,119,723)	980,905	-	(371,236)	(800,425)	(10,310,478)

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 203. UTILITY PLANT ACQUISITION ADJUSTMENT**  
**Account Nos. 114 and 115**

Line No.	Description (a)	Amount (b)
1	Net Plant Book Value	
2	Less: Net Contributions	
3	Total Net Utility Plant Acquired	
4	Less: Purchase Price	
5	<b>Total Utility Plant Acquisition Adjustment (Account No. 114)</b>	(773,253)
6	Less: <b>Accumulated Amortization of Utility Plant Acquisition (Account No. 115)</b>	18,051
7	<b>TOTAL NET UTILITY PLANT ACQUISITION ADJUSTMENT</b>	(755,203)

**Schedule 204. STATEMENT OF RETAINED EARNINGS**  
**Account Nos. 214 and 215**

Line No.	Account Number and Title (a)	Amount (b)
8	<b>APPROPRIATED RETAINED EARNINGS</b>	
9	Beginning of Year Balance	-
10	436 Appropriations of Retained Earnings	
11	437 Dividends Declared - Preferred Stock	
12	438 Dividends Declared - Common Stock	
13	<b>214 TOTAL APPROPRIATED RETAINED EARNINGS</b>	
14	<b>UNAPPROPRIATED RETAINED EARNINGS</b>	
1	Beginning of Year Balance	8,932,105
15	435 Balance Transferred from Income ( <b>Schedule 300</b> )	(1,374,496)
2	439 Adjustments to Retained Earnings (per Waste Water report)	(301,053)
2	439 Adjustments to Retained Earnings (per Revision)	
16	<b>215 TOTAL UNAPPROPRIATED RETAINED EARNINGS</b>	7,256,557
17	<b>TOTAL RETAINED EARNINGS</b>	7,256,557

Notes:

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**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 205. LONG-TERM DEBT - Account Nos. 221, 222, and 224**  
**(Excluding Advances from Associated Companies)**

Give below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the Company and group entries according to accounts and show the total for each account.

Line No.	Class and Series of Obligations (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet (e)	Interest For Year	
						% Rate (f)	Amount (g)
1							
2							
3							
4							
5							
6							
7							
8							
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10							
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25							
26							
27							
28							
29							
30							
31	<b>TOTAL LONG-TERM DEBT</b>						



**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 206. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)**  
**Account No. 271**

Line No.	Description (a)	Amount (b)
1	Beginning of Year Balance	11,453,379
2	Credits Added During the Year:	
3	Contributions Received from Capacity, Main Extensions and Customer Connection Charges	57,745
4	Contributions Received from Developer or Contract Agreements in cash or property	0
5	Total Credits	
6	Less: Debits Charged During the Year	
7	<b>TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	11,511,124

**Schedule 207. ACCUMULATED AMORTIZATION OF CIAC**  
**Account No. 272**

Line No.	Description (a)	Amount (b)
8	Beginning of Year Balance	2,163,698
9	Debits Charged During the Year: Accruals Charged to Account 272	171,620
10	Other Debits Charged During the Year (specify):	
11		
12		
13		
14	Total Debits	
15	Credits Added During the Year (specify):	
16		
17		
18		
19	Total Credits	
20	<b>TOTAL ACCUMULATED AMORTIZATION OF CIAC</b>	2,335,318

21	<b>TOTAL NET CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	9,175,806
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CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

### Schedule 300. INCOME STATEMENT REVENUES AND EXPENSES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY OPERATING INCOME</b>	
2	400 Total Utility Operating Revenues ( <b>Schedule 301</b> )	11,343,907
3	<b>UTILITY OPERATING EXPENSES</b>	
4	401 Operating Expenses ( <b>Schedule 302</b> )	9,253,610
5	403 Depreciation Expenses ( <b>Schedule 303</b> )	980,905
6	406 Amortization of Utility Plant Acquisition Adjustments	
7	407.1 Amortization of Limited Term Plant	
8	407.2 Amortization of Property Losses	
9	407.3 Amortization of Other Utility Plant	(183,560)
10	407.4 Amortization of Regulatory Assets	
11	407.5 Amortization of Regulatory Liabilities	
12	408.10 Utility Regulatory Assessment Fee	
13	408.11 Property Taxes	1,586,532
14	408.12 Payroll Taxes	144,848
15	408.13 Other Taxes and Licenses	138,495
16	409.10 Federal Income Taxes, Utility Operating Income	(0)
17	409.11 State Income Taxes, Utility Operating Income	3
18	409.12 Local Income Taxes, Utility Operating Income	
19	410.10 Deferred Federal Income Taxes	(242,628)
20	410.11 Deferred State Income Taxes	(103,951)
21	410.12 Deferred Local Income Taxes	
22	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
23	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations	
24	412.11 Investment Tax Credits, Restored to Operating income, Utility Operations	(4,973)
25	<b>Total Utility Operating Expenses</b>	<b>11,569,282</b>
26	<b>TOTAL NET UTILITY OPERATING INCOME (LOSS)</b>	<b>(225,374)</b>
27	<b>OTHER OPERATING INCOME (LOSS)</b>	
28	413 Income from Utility Plant Leased to Others	
29	414 Gains (Losses) from Disposition of Utility Property	248,652
30	<b>Total Other Operating Income (Loss)</b>	<b>248,652</b>
31	<b>OTHER INCOME AND DEDUCTIONS</b>	
32	415 Revenues from Merchandising, Jobbing and Contract Work	
33	416 Costs and Expenses of Merchandising, Jobbing and Contract Work	
34	419 Interest and Dividend Income	
35	420 Allowance for Funds Used During Construction (AFUDC)	
36	421 Non-Utility Income	
37	426 Miscellaneous Non-Utility Expenses	
38	<b>TOTAL OTHER INCOME AND DEDUCTIONS</b>	

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 300. INCOME STATEMENT (Continued)**  
**REVENUES AND EXPENSES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>	
2	408.20 Taxes Other Than Income, Other Income and Deductions	
3	409.20 Income Taxes, Other Income and Deductions	
4	410.20 Provision for Deferred Income Taxes, Other Income and Deductions	
5	411.20 Provisions for Deferred Income Taxes, Credit, Other Income and Deductions	
6	412.20 Investment Tax Credits, Net, Non-Utility Operations	
7	412.30 Investment Tax Credits Restored to Non-Operating Income, Utility Operations	
8	<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUC.</b>	<b>0</b>
9	<b>INTEREST EXPENSE</b>	
10	427.1 Interest on Debt to Associated Companies	
11	427.2 Interest on Short-Term Debt	11,243
12	427.3 Interest on Long-Term Debt	
13	427.4 Interest on Customer Deposits	
14	427.5 Interest - Other	889,226
15	428 Amortization of Debt Discount and Expense	
16	429 Amortization of Premium on Debt	
17	<b>TOTAL INTEREST EXPENSE</b>	<b>900,469</b>
18	<b>EXTRAORDINARY ITEMS</b>	
19	433 Extraordinary Income	
20	434 Extraordinary Deductions	
21	409.30 Income Taxes, Extraordinary Items	
22	<b>TOTAL EXTRAORDINARY ITEMS</b>	<b>0</b>
23	<b>NET INCOME (LOSS)</b>	<b>(1,374,496)</b>

CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

**Schedule 301. OPERATING REVENUES**  
**Account No. 400**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)	Average Number of Customers (e)	Gallons of Water Sold (000s) (f)
1	<b>WATER SALES REVENUE</b>			
2	460 Unmetered Water Revenue			
3	460.1 Residential Customers			
4	460.2 Commercial Customers			
5	460.3 Industrial Customers			
6	460.4 Public Authorities			
7	460.5 Multiple Family Dwellings			
8	Total Unmetered Water Revenue	0	0	0
9	461 Metered Water Revenue			
10	461.1 Residential Customers	11,152,249	15,881	
11	461.2 Commercial Customers			
12	461.3 Industrial Customers			
13	461.4 Public Authorities			
14	461.5 Multiple Family Dwellings			
15	Total Metered Water Revenue	11,152,249	15,881	0
16	462 Fire Protection Revenue			
17	462.1 Public Fire Protection			
18	462.2 Private Fire Protection			
19	464 Other Sales to Public Authorities			
20	466 Sales for Resale			
21	467 Interdepartmental Sales			
22	<b>TOTAL WATER SALES REVENUES</b>	0	0	0
23	<b>OTHER WATER REVENUES</b>			
24	469 Guaranteed Revenues			
25	470 Forfeited Discounts	54,270		
26	471 Miscellaneous Service Revenues			
27	472 Rents from Water Property			
28	473 Interdepartmental Rents			
29	474 Other Water Revenues	137,387		
30	<b>TOTAL OTHER WATER REVENUES</b>	191,658		
31	<b>400 TOTAL OPERATING REVENUES</b>	11,343,907		

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 302. OPERATING EXPENSES**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>SOURCE OF SUPPLY EXPENSES</b>	
2	601 Salaries and Wages - Employees	
3	610 Purchased Water	2,850,092
4	615 Purchased Power	
5	616 Fuel for Power Production	
6	618 Chemicals	
7	620 Materials and Supplies	
8	631 Contractual Services - Engineering	
9	632 Contractual Services - Accounting	
10	633 Contractual Services - Legal	
11	634 Contractual Services - Management Fees	
12	635 Contractual Services - Testing	
13	636 Contractual Services - Other	
14	641 Rental of Building/Real Property	
15	642 Rental of Equipment	
16	650 Transportation Expenses	
17	658 Insurance - Workman's Compensation	
18	668 Water Resource Conservation Expense	
19	675 Miscellaneous Expenses	
20	<b>TOTAL SOURCE OF SUPPLY EXPENSES</b>	<b>2,850,092</b>

21	<b>WATER TREATMENT EXPENSES</b>	
22	601 Salaries and Wages - Employees	
23	615 Purchased Power	
24	616 Fuel for Power Production	
25	618 Chemicals	244,559
26	620 Materials and Supplies	
27	631 Contractual Services - Engineering	
28	632 Contractual Services - Accounting	
29	633 Contractual Services - Legal	
30	634 Contractual Services - Management Fees	
31	635 Contractual Services - Testing	
32	636 Contractual Services - Other	
33	641 Rental of Building/Real Property	
34	642 Rental of Equipment	
35	650 Transportation Expenses	
36	658 Insurance - Workman's Compensation	
37	675 Miscellaneous Expenses	
38	<b>TOTAL WATER TREATMENT EXPENSES</b>	<b>244,559</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TRANSMISSION AND DISTRIBUTION EXPENSES</b>	
2	601 Salaries and Wages - Employees	
3	615 Purchased Power	250,091
4	616 Fuel for Power Production	
5	618 Chemicals	
6	620 Materials and Supplies	491,455
7	631 Contractual Services - Engineering	
8	632 Contractual Services - Accounting	
9	633 Contractual Services - Legal	
10	634 Contractual Services - Management Fees	
11	635 Contractual Services - Testing	137,284
12	636 Contractual Services - Other	
13	641 Rental of Building/Real Property	
14	642 Rental of Equipment	
15	650 Transportation Expenses	144,864
16	658 Insurance - Workman's Compensation	
17	675 Miscellaneous Expenses	462,203
18	<b>TOTAL TRANSMISSION AND DISTRIBUTION</b>	<b>1,485,898</b>
19	<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	<b>4,580,548</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)**  
**CUSTOMER AND ADMINISTRATIVE AND GENERAL**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>CUSTOMER ACCOUNTS</b>	
2	601 Salaries and Wages - Employees	
3	615 Purchased Power	
4	616 Fuel for Power Production	
5	620 Materials and Supplies	
6	631 Contractual Services - Engineering	
7	632 Contractual Services - Accounting	
8	633 Contractual Services - Legal	
9	634 Contractual Services - Management Fees	
10	635 Contractual Services - Testing	
11	636 Contractual Services - Other	118,523
12	641 Rental of Building/Real Property	
13	642 Rental of Equipment	
14	650 Transportation Expenses	
15	658 Insurance - Workman's Compensation	
16	670 Bad Debt Expense	123,969
17	675 Miscellaneous Expenses	
18	<b>TOTAL CUSTOMER ACCOUNTS</b>	<b>242,491</b>
19	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>	
20	601 Salaries and Wages - Employees	1,829,736
21	603 Salaries and Wages - Officers, Directors, and Majority Stockholders	
22	604 Employee Pension and Benefits	471,119
23	615 Purchased Power	
24	616 Fuel for Power Production	
25	620 Materials and Supplies	404,301
26	631 Contractual Services - Engineering	930
27	632 Contractual Services - Accounting	38,597
28	633 Contractual Services - Legal	45,236
29	634 Contractual Services - Management Fees	284,500
30	635 Contractual Services - Testing	
31	636 Contractual Services - Other	143,192
32	641 Rental of Building/Real Property	22,312
33	642 Rental of Equipment	27,993
34	650 Transportation Expenses	
35	656 Insurance - Vehicle	0
36	657 Insurance - General Liability	146,736
37	658 Insurance - Workman's Compensation	0
38	659 Insurance - Other	37,209
39	660 Advertising Expense	557
40	666 Regulatory Commission Expenses- Amort. Of Rate Case Exp.	94,414
41	667 Regulatory Commission Expenses- Other	16,851
42	675 Miscellaneous Expenses	866,889
43	<b>TOTAL ADMINISTRATIVE AND GENERAL</b>	<b>4,430,570</b>
44	<b>401 TOTAL OPERATING EXPENSES</b>	<b>9,253,610</b>

CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

**Schedule 303. BASIS FOR DEPRECIATION CHARGES BY  
PRIMARY ACCOUNTS  
Account No. 403**

Line No.	Description of Property (a)	Original Cost (b)	Approved Depreciation Rates * (c)	Annual Depreciation (d)
1	301 Organization	298,430	1.50%	4,477
2	302 Franchises	59,551	1.50%	893
3	303 Land & Land Rights	607,823	0.00%	0
4	304 Structures and Improvements	5,602,438	1.50%	86,903
5	305 Collecting and Impounding Reservoirs	0	1.50%	0
6	306 Lake, River, and Other Intakes	0	1.50%	0
7	307 Wells and Springs	2,879,699	1.50%	44,616
8	308 Infiltration Galleries and Tunnels	0	1.50%	0
9	309 Supply Mains	742,464	1.50%	11,731
10	310 Power Generation Equipment	0	1.50%	0
11	311 Pumping Equipment	4,109,767	1.50%	64,560
12	320 Water Treatment Equipment	1,831,244	1.50%	33,189
13	330 Distribution Reservoirs and Standpipes	7,196,956	1.50%	109,075
14	331 Transmission and Distribution Mains	11,805,906	1.50%	179,795
15	333 Services	5,364,914	1.50%	81,579
16	334 Meters and Meter Installations	1,360,501	1.50%	20,963
17	335 Hydrants	396,929	1.50%	5,851
18	336 Backflow Prevention Devices	22,845	1.50%	438
19	339 Other Plant and Misc. Equipment	8,452	1.50%	297
20	340 Office Furniture and Equipment	4,423,117	1.50%	157,366
21	341 Transportation Equipment	1,570,996	20.00%	160,377
22	342 Stores Equipment	0	1.50%	0
23	343 Tools, Shop, and Garage Equipment	583,630	1.50%	9,156
24	344 Laboratory Equipment	128,547	1.50%	1,991
25	345 Power Operated Equipment	2,261	1.50%	34
26	346 Communication Equipment	208,941	1.50%	6,016
27	347 Miscellaneous Equipment	15,820	1.50%	651
28	348 Other Tangible Plant	18,922	1.50%	949
29	<b>TOTALS</b>	49,240,152		980,905

\* Use Straight-line depreciation rates as approved by the Commission.  
Do not use Tax Depreciation Rates.



# WASTEWATER UTILITY ANNUAL REPORT OF

**CAROLINA WATER SERVICE, INC.**

Exact Legal Name of Respondent

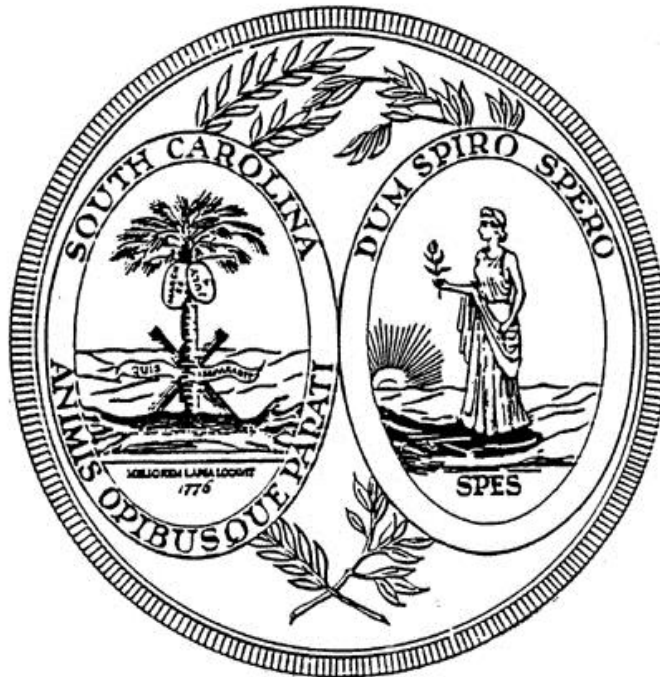
**\_\_\_\_\_**  
PSC/ORS Number (leave blank)

**FOR THE YEAR ENDED 2018**

☒ Calendar Year Ending December 31, 2018

or

☐ Fiscal Year Ending \_\_\_\_\_



**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

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**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**GENERAL INSTRUCTIONS**

1. All water utilities are required by state law to complete and file this annual report. Two copies should be mailed to the South Carolina Office of Regulatory Staff, 1401 Main Street, Ste. 900, Columbia, SC 29201 by April 1, 2019. A third copy should be retained by the company for reference. Upon receipt, the Office of Regulatory Staff will forward one copy to the Public Service Commission of South Carolina. Filing two copies with the Office of Regulatory Staff will satisfy the utility's responsibility for submitting an annual report as required pursuant to Commission regulations. Pencil entries will not be permitted on the hard copy.
2. All forms are available in PDF fileable format on the Office of Regulatory Staff web site at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov). An Excel form is available via email.
3. Respond to each item using "0", "none", or "not applicable" as appropriate.
4. Requests for extension must be in writing to the Office of Regulatory Staff. Extension requests postmarked after April 1, 2019 will be denied.
5. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in S.C. Code Ann. Section 58-5-220 and Commission regulation 103-520.
6. Standard accounting procedures will apply in determining the nature of any entry (e.g. entries of a reverse character will be indicated by a parentheses around the number).
7. The report will be filed consisting of data relative to a calendar year basis or the company's fiscal year, but not both.
8. If this report is made for a period less than the calendar year or fiscal year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where it is necessary to include the period covered. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes).
9. All instructions should be followed and each question should be answered fully and accurately. Sufficient answers are those in which no question or schedule has been overlooked. The expression "none" or "not applicable" should be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. In any instance where information called for is not given, the reason for its omission should be stated fully.
10. Dates, when called for, should include the day, month and year. Customary abbreviations may be used in stating dates.
11. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year; otherwise, an appropriate explanation of why different figures were used should be given.
12. One copy of the respondent's latest corporate annual report, if issued, should be submitted with this report. If the respondent is a member of a group, both the parent and subsidiary's corporate annual report should be submitted.

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**GENERAL INSTRUCTIONS  
(Continued)**

13. Throughout this report, money items will be rounded to the nearest dollar.
14. Failure to comply with the submission of the annual report may result in fines and/or loss of certification.
15. Separate notification is required for changes in company information -- i.e. name, address, telephone number, contact names, sale or purchase of Company, corporate structure.
16. Do not fold forms.
17. Use this form for a wastewater utility ONLY! If your utility operates a water system in addition to a wastewater system, complete a separate annual report for the water system. DO NOT COMBINE BOTH WATER AND WASTEWATER INFORMATION ON THE SAME FORM!

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 100. IMPORTANT CHANGES DURING THE YEAR**

Provide written responses for each of the items listed below. Make the written statements clear and brief. A response must be given for each item. However, if the word "none" is an accurate response, it may be used as such. Similarly, if information is given elsewhere in the report which would serve as a response to an item, reference that information in the space provided.

1. Have you had changes or additions to franchise rights? If so, describe (a) the actual payment given in exchange for the franchise rights, and (b) from whom acquired. If acquired without payment, state that fact.

None

2. Have any of the following occurred -- acquisition of other companies, or reorganization, merger or consolidation with other companies? If so, give names of companies involved, details concerning the transactions, and reference to Commission authorization, including docket numbers.

None

3. Have any of the following occurred -- purchase or sale of operating units, such as sources, treatment and storage facilities, transmission and distribution systems, or similar occurrences? If so, specify items, parties, effective dates and also reference the Commission authorization, including docket numbers.

None

4. Have any leaseholds been acquired, given, assigned, or surrendered? If so, give the effective dates, lengths of terms, names of parties, rents, Commission authorization, (docket numbers), if any, and other conditions.

Yes.

1) On February 5, 2018, Carolina Water Service, Inc. entered into a lease agreement with York County, SC. This lease, as it relates to wastewater treatment services, is a lease from York County to CWS of all York-County-owned infrastructure located within the CWS Franchise area. CWS is responsible for maintaining, upgrading, extending, or replacing the following sewage force mains on the leased property: 7,318 ft of 6"; 5,430 ft of 8"; 16,845 ft. of 12". CWS is also responsible for maintaining, upgrading, extending, or replacing The River Hills Sewer Pump Station.

2) On June 28, 2018, Carolina Water Service, Inc. entered into a lease agreement with Family Court, LLC to lease 1,069 square feet of office space for \$2,227.08 per month. The office space is located at 130 South Main Street, Suite 600, Greenville, SC 29601. This lease ran through the remainder of 2018 (technically through February 28, 2019).

5. Have there been any extensions of service territories? If so, include the Commission authorization (docket numbers), that give the location of the new service territory covered by distribution system and the dates of beginning operations. Give the number of customers by class; for each class, give the number of customers estimated with regard to annual revenues for the new territories.

None

6. What is the estimated increase or decrease in annual revenues due to rate changes, (cite docket numbers), and the approximate extent to which the increase or decrease is reflected in revenues for the reporting year?

Rate case Docket No. 2017-292-WS resulted in an approximate \$1,650,382 annual increase.

Approximately \$825,191 of the increase is reflected in revenues for the reporting year.

7. Have there been any wage scale changes? If so, show the dates of changes, the effect on operating expenses for the year, and estimated annual effect of the wage scale changes on operating expenses.

April 2018 raises averaged 3.0%

8. Have there been any obligations incurred or assumed by you, the respondent, as guarantor for the performance by another of any agreement or obligation -- excluding ordinary corporate bonds maturing on demand or not later than one year after date of issue? If so, give the Commission authorization, (docket number), if any.

None

9. Have there been any changes in articles of incorporation or amendments to charters? If so, explain the nature and purpose of these changes or amendments. Note any filing with the Commission.

None

10. Other changes not provided for elsewhere.

None

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 110. DEFINITIONS**

**“Accounts”** means the accounts prescribed in the NARUC Uniform System of Accounts.

**“Amortization”** means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, which may be over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

**“Associated Companies”** means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

**“Book Cost”** means the amount at which property is recorded in the applicable account without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

**“Class A”** for wastewater utilities means a utility having annual wastewater operating revenues of \$1,000,000 or more.

**“Class B”** for wastewater utilities means a utility having annual wastewater operating revenues of \$200,000 or more but less than \$1,000,000.

**“Class C”** for wastewater utilities means a utility having annual wastewater operating revenues of less than \$200,000.

**“Control”** (including the terms; “controlling,” “controlled by,” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract or any other direct or indirect means.

**“Cost”** means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

**“Cost of Removal”** means the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

**“Debt Expense”** means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

## **Schedule 110. DEFINITIONS (Continued)**

**“Depreciation”**, as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of the utility plant in the course of providing service. This includes causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of regulatory bodies.

**“Discount”**, as applied to the securities or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

**“Distribution Mains”** means any pipes whose primary purpose is to distribute treated water throughout a community, and whose components include arterial or primary feeders, secondary feeders, and the distribution grid works.

**“Investment Advances”** means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

**“Minor Items of Property”** means the associated parts or items of which retirement units are composed.

**“Multiple Family Dwelling”** means a residential structure or group of structures which is capable of separately housing more than one family unit.

**“Net Salvage Value”** means the salvage value of property retired less the cost of removal.

**“Nominally Issued”**, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued directly to trustees of sinking funds in accordance with contractual requirements.

**“Premium”**, as applied to the securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stock) or face value and interest or dividends accrued at the date of sale.

**“Original Cost”**, as applied to utility plant, means the cost of such property to the person first devoting it to public service.

**“Property Retired”**, as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

**“Reclaimed Water”** means water that has received at least secondary treatment and basic disinfection and is reused after flowing out of a wastewater treatment plant.

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

## **Schedule 110. DEFINITIONS**

### **(Continued)**

**“Replacing or Replacement”**, when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

**“Retained Earnings”** means the accumulated net income of the utility less distributions to stockholders and transfers to other capital accounts, and other adjustments.

**“Reuse”** means the deliberate application of reclaimed water, in compliance with Federal and State environmental rules and regulations, for a beneficial purpose.

**“Salvage Value”** means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

**“Straight-Line Remaining Life Method”**, as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and (accounts if used), and credited to the accumulated depreciation account through equal annual changes during its service life. "Remaining Life" implies that estimates of the future life and salvage shall be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

**“Supply Main”** means any main, pipe, or aqueduct or canal whose primary purpose is to convey raw untreated water from one unit to another unit in the source of supply and pumping plant, and to the water treatment equipment.

**“Transmission Main”** means any pipes whose primary purpose is to convey treated water from the water treatment equipment or pumping station to the distribution system serving a community and generally provides no service connections with customers.

**“Utility”**, as used herein and when not otherwise indicated in the context, means any public utility to which the uniform system of accounts is applicable.



**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 120. EXECUTIVE SUMMARY****1. IDENTIFICATION (legal title)**

PSC/ORS No.	_____ (leave blank)	Federal ID No.:	_____
Check Business Structure & Indicate Date	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input checked="" type="checkbox"/> Corporation
Name of Company:	<u>Carolina Water Service, Inc.</u>		
Doing Business As:	<u>Carolina Water Service, Inc.</u>		
Street Address:	<u>130 S Main St, Ste 800</u>		
City:	<u>Greenville</u>	State: <u>SC</u>	Zip Code: <u>29601</u>
Mailing Address:	<u>(same as above)</u>		
City:	_____	State: _____	Zip Code: _____
Telephone No. (Include Area Code):	<u>( 847 ) 498-6440</u>		

(a) State whether any change was made in the name of the respondent during the year. If so, state the changes and the dates when they were made.

No

(b) State whether the respondent is a firm or partnership. If a partnership, give the names of the partners and the proportion of their respective interests.

Not Applicable

(c) State the kinds of business, other than Water Utility, in which the respondent was engaged at any time during the year. If none, state that fact.

None

(d) Give the names and office addresses of the Board of Directors, if any, of the respondent at the close of the year, as well as the dates of expiration of their respective terms. If any person abandoned, resigned from, or was removed from a directorship during the year, give full details in a footnote. If the organization was a partnership, give the names of the partners and designate them as such.

Name of Director	Office Address	Term Begins	Term Ends
Lisa A. Sparrow	2335 Sanders Rd Northbrook, IL 60062	8/27/18	08-19
Laura Granier	2335 Sanders Rd Northbrook, IL 60062	8/27/18	08-19

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

## Schedule 120. EXECUTIVE SUMMARY (Continued)

- (e) Give the titles of all officers of the respondent at the close of the year, the names of persons holding the offices at year end, and the date when each originally assumed the duties of the office. If any person abandoned, resigned from, or was ousted from any office during the year, give full details in a footnote.

Title of Officer	Name of Person Holding Office	Office Address	Date of Entry
President	Catherine Heigel	130 S Main St, Ste 800 Greenville, SC 29601	8/27/18
Director, External Affairs and Strategy	Michael Cartin	130 S Main St, Ste 800 Greenville, SC 29601	8/27/18
Secretary	Laura Granier	2335 Sanders Rd. Northbrook, IL 60062	8/27/18
Treasurer	Jim Andrejko	2335 Sanders Rd. Northbrook, IL 60062	8/27/18
Assistant Secretary	Debra A. Plumb [1]	2335 Sanders Rd. Northbrook, IL 60062	8/27/18

- (f) Give the date of incorporation of respondent and the name of the state or territory under whose laws the incorporation was organized. The Company was incorporated on 8/28/1972 and was incorporated under the state of Delaware.

### 2. CONTACT (for purpose of this report)

Contact Name:	<u>Robert Hunter</u>		
Title:	<u>Director, Financial Planning &amp; Analysis</u>	Telephone:	<u>(864)-203-0232</u>
Email Address:	<u>robert.hunter@bluegranitewaterco.com</u>	Fax No.:	<u>Not Applicable</u>

### 3. MAILING ADDRESS (if different from above)

Mailing Address:	<u>130 S Main St, Ste 800</u>		
City:	<u>Greenville</u>	State:	<u>SC</u>
		Zip Code:	<u>29601</u>

### CERTIFICATION

I hereby certify that the enclosed Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.

Name: <u>Robert Hunter</u>	Title: <u>Director, Financial Planning &amp; Analysis</u>
Signature: 	Date: <u>4/30/2019</u>

Notes:

[1] Debra A. Plumb retired on December 31, 2018.

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY****GENERAL INFORMATION**Submit a copy of the Company's latest DHEC quality of service letter/report with this annual report.**PHYSICAL DESCRIPTION:**

Detailed general description of wastewater system: \_\_\_\_\_

143 Lift Stations		
16 Activated Sludge WWTPs	Permitted Capacity	2.4364MGD
3 Aerated Lagoons	Permitted Capacity	0.96 MGD
1 Facultative Lagoon	Permitted Capacity	0.12 MGD
10 Collection only systems with treatment provided by another entity		

Oxidation Pond(s)? \_\_\_\_\_

If so, provide information concerning size, construction type, and year of construction. \_\_\_\_\_

Aeration Pond(s)? \_\_\_\_\_

If so, provide information concerning size, construction type, and year of construction. \_\_\_\_\_

Polishing Pond(s)? \_\_\_\_\_

If so, provide information concerning size, construction type, and year of construction. \_\_\_\_\_

Detailed general description of disposal system/method: \_\_\_\_\_

Date of construction of original plant: \_\_\_\_\_

Population for which plant was designed: \_\_\_\_\_

Plant capacity in gallons per day: \_\_\_\_\_

Average daily discharge of sewage during year (Mgal): See page 9.1Maximum daily discharge of sewage during year (Mgal): See page 9.1

CAROLINA WATER SERVICES INC.

SUB#	ABBR.	NAME	W/S	CO#	Water	Sewer	Wells			Ground Storage		Elevated	Total	Fire Hydrants		Lift	WWTP		Disinfection Method	WWTP FLOWS			
					Mains	Mains	Number of Wells	GPM	Treatment*	#	Capacity	#	Capacity	In Gallons	#	Fire Protection	#	#		Capacity	Type	Weekly Average Max (MGD)	Daily Max (MGD)
	CWS	CAROLINA WATER SERVICE, INC. PARENT		400																			
		SALEM CHURCH	S	400		6,680										5		Treated at Friarsgate WWTP					
	CWS	FALCON RANCHES	W	400	9,504		2	115	1,2	2	20,000		20,000	0	No								
		WESTSIDE TERRACE	W	400	9,504				Treatment by City of West Columbia	2	10,000			0	No								
	CWS	BLUE RIDGE/HEATHERWOOD	W	400	13,622		3	125	1,2	4	30,000		30,000	7	No								
	CWS	POCALLA	W&S	400	5,280	10,032	2	130	1,2,3	1	8,000		8,000	0	No	1	0.1040	Activated Sludge	UV	na	0.1800	0.0548	
	CWS	ROCK BLUFF	W	400	2,640		1	38		1	4,700		4,700	0	No								
		OAKLAND PLANTATION	S	400		14,995										1	1	0.1600	Activated Sludge	Sodium Hypochlorite	na	0.2500	0.0648
	CWS	INDIAN FORK	W&S	400	22,176	24,878			Treatment by the City of Columbia					0	No	1		Collection Only	Treated by City of Chapin				
	CWS	INDIAN PINES	W	400	1,056								0										
									Purchased Water as of September 2013														
		ROLLINGWOOD	W&S	400	24,288	28,512			Treatment by City of West Columbia									Treated at Watergate WWTP					
	CWS	HIDDEN VALLEY TRAILER PARK	S	400		8,026										1		Treated at I-20 WWTP					
	CWS	SMALLWOOD ESTATES/LAKEWOOD ESTATES/ARROWH	W&S	400	21,537	12,334	4	171	1,2,3,5,6	3	30,000		30,000	0	No	5	1	0.0600	Aerated Lagoon		na	0.0458	0.0248
	CWS	FRIARSGATE	S	400		473,609										9	1	1.2000	Activated Sludge	UV with backup Sodium Hypochlorite	1.0160	0.5425	0.6048
									Treatment by City of West Columbia														
	CWS	THE LANDINGS	W&S	400	11,088	14,784			Treatment by City of West Columbia						0	No	1		Treated at Watergate WWTP				
	CWS	HARBORSIDE/Harbour Place/Windward Pt	W&S	400	5,280	5,280			Purchased Water						0	No	3		Treated at Watergate WWTP				
	CWS	PALMETTO APTS.	S	400		5,280												Collection Only	Treated by Beaufort Jasper WSA				
	CWS	ROOSEVELT GARDENS	S	400		1,056											1	0.0676	Activated Sludge	Sodium Hypochlorite	na	0.0676	0.0408
	CWS	HIDDEN VALLEY COUNTRY CLUB	W	400	12,144		2	370	1,2			1	75,000	75,000	11	No							
									Treatment by City of West Columbia														
	CWS	PEACHTREE ACRES	W	400	10,560				Purchased Water					0	0	No							
	CWS	HUNTER'S GLEN	W	400	8,976		3	192	1,2,3	3	34,000		34,000	3	No								
	CWS	IDLEWOOD	W	400	3,696				Purchased water						0	No							
	CWS	LINCOLNSHIRE/WHITES CREEK	S	400		13,200											2		Collection Only	Pumped to Georgetown County Water and Sewer Authority Treated by the City of Savannah			
									Treatment by the City of Columbia														
	CWS	40 LOVE POINT	W&S	400	17,741	18,427							0	15	yes	1		Collection Only	Treated by Richland County				
	CWS	RAINBOW/GLEN VILLAGE/STONEBRIDGE	W&S	400	19,008	26,920	2	141	1,2,3,5,7	1	10,000		10,000	4	No	4	1	0.1280	Activated Sludge	Sodium Hypochlorite	na	0.1285	0.0231
	CWS	NORTH LAKE SHORE POINT	S	400		3,168												Collection Only	Treated by Richland County				
																	1		Treated at Friarsgate WWTP				
	CWS	BALLENTINE COVE	S	400		30,703												Collection Only	Treated by Richland County				
	CWS	SHADOWOOD COVE	S	400		14,984											2		Collection Only				
	CWS	SECRET COVE	S	400		11,088											2		Treated at Watergate WWTP				
	CWS	GOVERNOR'S GRANT	S	400		33,792											4		Treated at Watergate WWTP				
									Treatment by City of West Columbia														
	CWS	I-20	W&S	400	180,711	309,216								107	No	15	1	0.8000	Aerated Lagoon	Sodium Hypochlorite	0.7769	NA	NA
									Treatment by City of Rock Hill			1	200,000	200,000	402	Yes	69		Collection Only	Treated by the City of Rock Hill			
									Treatment by City of West Columbia														
	CWS	LANDS END/WATERGATE/SPENCE PT	W&S	400	23,676	64,382				1	5,000		5,000	5	No	3	1	0.2940	Activated Sludge	Sodium Hypochlorite	na	0.2940	0.1598
	CWS	MALLARD COVE/SEAY COVE	W&S	400	2,556		1	30	1,2,3							1		Treated at Watergate WWTP					
	CWS	NORTH PINES/STONEGATE	W&S	400	24,130	24,816	3	198		2	10,000		10,000	0	No			Collection only	Treatment by Richland County				
	CWS	KINGSTON HARBOR	S	400		11,828											4		Collection only	Treatment by City of Cayce			
	SUI	CREEKWOOD	W	402	10,560		4	170	1	1	10,000		10,000	1	No								
	SUI	CEDARWOOD	W	402	7,120		2	83	1,3	1	10,000		10,000	0	No								
									Treatment by City of West Columbia														
	USSC	PARKWOOD	W	401	7,500				Purchased Water														
	USSC	TANYA TERRACE	W	401	1,600		3	43	1,2	1	6,000		6,000	0	No								
	USSC	EMMA TERRACE	W	401	1,600		1	13	1,2	1	6,000		6,000	0	No								
	USSC	LEXINGTON TOWN ESTATES/HERMITAGE/CATSPAW	W	401	22,300		4	119	1,2,3	3	25,000		25,000	0	No								



[illegible]

## 9.1

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY  
(Continued)**

Size and Description	SERVICES AND LINE TYPE			
	Owned by Utility			
	Beginning of year	Added	Retired or Abandoned	End of Year
Services in use				
Iron pipe				
PVC pipe				
Clay pipe				
Other pipe				
Total services in use				
Services not in use				
Iron pipe				
PVC pipe				
Clay pipe				
Other pipe				
Total services not in use				
Total Services				

**TREATMENT:**Is wastewater treated? YesIf so, how? Varies with each facilityIs wastewater effluent disinfected? YesIf so, provide information about the type of agent used (liquid chlorine, etc.) See page 9.1Varies with each facility, either sodium hypochlorite, calcium hypochlorite or UV lightHow frequently is an analysis made of effluent? Varies with each facilityGive results of last analysis: Copies of December 2018 DMRs are already sent to ORS officesWhat is the efficiency of sewerage plant? No influent sampling required by SC DHEC . Efficiency is not calculated

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY**  
**(Continued)**

**SERVICE AREA AND CUSTOMER DATA:**

Area and/or subdivisions served by wastewater system: \_\_\_\_\_

Areas of Lexington, Sumter, Richland, Greenville, Greenwood, Cherokee, Union, Beaufort, Orangeburg, \_\_\_\_\_

Georgetown, and York Counties \_\_\_\_\_

Total number of residential customers at the end of the fiscal or calendar year:	12,417
Total number of commercial customers at the end of the fiscal or calendar year:	281
Total number of industrial customers at the end of the fiscal or calendar year:	
Total number of customers at the end of the fiscal or calendar year:	12,698

Extensions of system, giving location, new territory covered and dates of beginning operations since last annual annual report submitted:

\_\_\_\_\_

\_\_\_\_\_

Other important changes, including new plant and equipment built or installed:

\_\_\_\_\_

\_\_\_\_\_



**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 200. BALANCE SHEET  
ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY PLANT</b>	
2	101 Utility Plant in Service ( <b>Schedule 201</b> )	51,276,055
3	102 Utility Plant Leased to Others	
4	103 Property Held for Future Use	0
5	104 Utility Plant Purchased or Sold	0
6	105 Construction Work in Progress	1,364,581
7	106 Completed Construction not Classified	
8	<b>Total Utility Plant</b>	<b>52,640,637</b>
9	<b>ACCUMULATED DEPRECIATION</b>	
10	108.1 Utility Plant-in-Service ( <b>Schedule 202</b> )	(5,260,286)
11	108.2 Utility Plant Leased to Others	
12	108.3 Property Held for Future Use	
13	<b>Total Accumulated Depreciation</b>	<b>(5,260,286)</b>
14	<b>ACCUMULATED AMORTIZATION</b>	
15	110.1 Utility Plant in Service	
16	110.2 Utility Plant Leased to Others	
17	<b>Total Accumulated Amortization</b>	<b>0</b>
18	<b>UTILITY PLANT ADJUSTMENTS</b>	
19	114 Utility Plant Acquisition ( <b>Schedule 203</b> )	(251,569)
20	115 Accumulated Amortization of Utility Plant Acquisition ( <b>Schedule 203</b> )	167,637
21	116 Other Utility Plant	
22	<b>Total Utility Plant Adjustments</b>	<b>(83,932)</b>
23	<b>TOTAL NET UTILITY PLANT</b>	<b>47,296,419</b>
24	<b>OTHER PROPERTY AND INVESTMENTS</b>	
25	<b>OTHER PROPERTY</b>	
26	121 Non-Utility Property	
27	122 Accumulated Depreciation and Amortization of Non-Utility Property	
28	<b>Total Other Property</b>	<b>0</b>
29	<b>INVESTMENTS</b>	
30	123 Investments in Associated Companies	
31	124 Utility Investments	
32	125 Other Investments	
33	126 Sinking Funds	
34	127 Other Special Funds	
35	<b>Total Investments</b>	<b>0</b>
36	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	<b>47,296,419</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
<b>1</b>	<b>CURRENT AND ACCRUED ASSETS</b>	
2	131.1 Cash on Hand	
3	131.2 Cash in Bank	(763)
4	132 Special Deposits (Interest and/or Dividends)	0
5	133 Other Special Deposits	
6	134 Working Funds	
7	135 Temporary Cash Investments	
8	141 Customer Accounts Receivable	0
9	142 Other Accounts Receivable	0
10	143 Accumulated Provision for Uncollectible Accounts-Credit	0
11	144 Notes Receivable	
12	145 Accounts Receivable from Associated Companies	
13	146 Notes Receivable from Associated Companies	
14	151 Plant Material and Supplies	
15	152 Merchandise	
16	153 Other Material and Supplies	
17	161 Stores Expense	
18	162 Prepayments	113,731
19	171 Accrued Interest and Dividends Receivable	
20	172 Rents Receivable	
21	173 Accrued Utility Revenues	
22	174 Miscellaneous Current and Accrued Assets	
<b>23</b>	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>112,968</b>
<b>24</b>	<b>DEFERRED DEBITS</b>	
25	181 Unamortized Debt Discount and Expense	
26	182 Extraordinary Property Losses	
27	183 Preliminary Survey and Investigation Charges	
28	184 Clearing Accounts	
29	185 Temporary Facilities	
30	186.1 Deferred Rate Case Expense	0
31	186.2 Other Deferred Debits	777,185
32	186.3 Regulatory Assets	
33	187 Research and Development Expenditures	
34	190.1 Accumulated Deferred Federal Income Taxes	
35	190.2 Accumulated Deferred State Income Taxes	
36	190.3 Accumulated Deferred Local Income Taxes	
<b>37</b>	<b>TOTAL DEFERRED DEBITS</b>	<b>777,185</b>
<b>38</b>	<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>48,186,572</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>EQUITY CAPITAL</b>	
2	201 Common Stock Issued	0
3	202 Common Stock Subscribed	
4	203 Common Stock Liability for Conversion	
5	204 Preferred Stock Issued	
6	205 Preferred Stock Subscribed	
7	206 Preferred Stock Liability for Conversion	
8	207 Premium on Capital Stock	
9	209 Reduction in Par or Stated Value of Capital Stock	
10	210 Gain on Resale or Cancellation of	
11	211 Other Paid-In Capital	0
12	212 Discount on Capital Stock	
13	213 Capital Stock Expense	
14	214 Appropriated Retained Earnings (Schedule 204)	
15	215 Unappropriated Retained Earnings (Schedule 204)	0
16	216 Reacquired Capital Stock	
17	218 Proprietary Capital (for proprietorships & partnerships only)	
18	<b>TOTAL EQUITY CAPITAL</b>	<b>0</b>
19	<b>LONG-TERM DEBT</b>	
20	221 Bonds (Schedule 205)	
21	222 Reacquired Bonds (Schedule 205)	
22	223 Advances from Associated Companies	
23	224 Other Long-Term Debt (Schedule 205)	
24	<b>TOTAL LONG-TERM DEBT</b>	
25	<b>CURRENT AND ACCRUED LIABILITIES</b>	
26	231 Accounts Payable	0
27	232 Notes Payable	
28	233 Accounts Payable to Associated Companies	0
29	234 Notes Payable to Associated Companies	0
30	235 Customers' Deposits-Billing	0
31	236.11 Accrued Taxes, Utility Operating Income, Taxes Other Than Income	0
32	236.12 Accrued Taxes, Utility Operating Income, Income Taxes	0
33	236.2 Accrued Taxes, Other Income and Deductions	
34	237.1 Accrued Interest on Long-Term Debt	0
35	237.2 Accrued Interest on Other Liabilities	
36	238 Accrued Dividends	
37	239 Matured Long-Term Debt	
38	240 Matured Interest	
39	241 Miscellaneous Current and Accrued Liabilities	
40	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	<b>0</b>

CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>DEFERRED CREDITS</b>	
2	251 Unamortized Premium on Debt	
3	252 Advances for Construction	0
4	253.1 Other Deferred Credits, Regulatory Liabilities	0
5	253.2 Other Deferred Credits, Other Deferred Liabilities	0
6	255.1 Accumulated Deferred Investment Tax Credits, Utility Operations	
7	255.2 Accumulated Deferred Investment Tax Credits, Non-Utility Operations	0
8	<b>TOTAL DEFERRED CREDITS</b>	<b>0</b>
9	<b>OPERATING RESERVES</b>	
10	261 Property Insurance Reserve	
11	262 Injuries and Damages Reserve	
12	263 Pensions and Benefits Reserve	
13	265 Miscellaneous Operating Reserve	
14	<b>TOTAL OPERATING RESERVES</b>	
15	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)</b>	
16	271 Contributions in Aid of Construction (Schedule 206)	15,624,249
17	272 Accumulated Amortization of CIAC (Schedule 207)	(4,341,166)
18	<b>TOTAL NET CIAC</b>	<b>11,283,083</b>
19	<b>ACCUMULATED DEFERRED INCOME TAXES</b>	
20	281 Accelerated Amortization	
21	282 Liberalized Depreciation	
22	283 Other	
23	<b>TOTAL ACCUMULATED DEFERRED INCOME TAXES</b>	<b>0</b>
24	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	<b>11,283,083</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 201. UTILITY PLANT-IN-SERVICE**  
**Account No. 101**

All amounts included in accounts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.1 INTANGIBLE PLANT</b>					
2	351.1 Organization	36,430	(4,007)	0	0	32,423
3	352.1 Franchises	0	0	0	0	0
4	389.1 Other Plant and Miscellaneous Equipment	0	0	0	0	0
5	<b>Total Intangible Plant</b>	36,430	(4,007)	0	0	32,423
6	<b>.2 COLLECTION PLANT</b>					
7	353.2 Land and Land Rights	664	0	0	0	664
8	354.2 Structures and Improvements	35,544	(3,657)	0	0	31,886
9	355.2 Power Generation Equipment	7,473	0	0	0	7,473
10	360.2 Collection Sewers - Force	4,881,331	(1,006,335)	(42,928)	0	3,832,068
11	361.2 Collection Sewers - Gravity	16,651,521	(2,012,694)	(17,648)	0	14,621,180
12	362.2 Special Collecting Structures	53,757	0	0	0	53,757
13	363.2 Services to Customers	1,902,869	37,099	(54,791)	0	1,885,177
14	364.2 Flow Measuring Devices	50,437	(3,741)	0	0	46,696
15	365.2 Flow Measuring Installations	2,044	0	0	0	2,044
16	389.2 Other Plant and Miscellaneous Equipment	10,833	0	0	0	10,833
17	<b>Total Collection Plant</b>	23,596,472	(2,989,328)	(115,367)	0	20,491,777
18	<b>.3 SYSTEM PUMPING PLANT</b>					
19	353.3 Land and Land Rights	0	0	0	0	0
20	354.3 Structures and Improvements	3,768,880	(514,986)	(740)	0	3,253,153
21	355.3 Power Generation Equipment	47,763	0	0	0	47,763
22	370.3 Receiving Wells	602	0	0	0	602
23	371.3 Pumping Equipment	3,507,152	241,025	(198,895)	0	3,549,282
24	389.3 Other Plant and Miscellaneous Equipment	44,506	(2,874)	0	0	41,632
25	<b>Total System Pumping Plant</b>	7,368,903	(276,835)	(199,635)	0	6,892,432
26	<b>.4 TREATMENT AND DISPOSAL PLANT</b>					
27	353.4 Land and Land Rights	0	0	0	0	0
28	354.4 Structures and Improvements	3,530,514	19,219	(5,129)	0	3,544,604
29	355.4 Power Generation Equipment	33,612	0	0	0	33,612
30	380.4 Treatment and Disposal Equipment	17,074,482	(8,494)	(132,481)	0	16,933,507
31	381.4 Plant Sewers	323,057	6,664	(4,828)	0	324,893
32	382.4 Outfall Sewer Lines	296,632	(3,097)	0	0	293,535
33	389.4 Other Plant and Miscellaneous Equipment	20,507	(701)	0	0	19,806
34	<b>Total Treatment and Disposal Plant</b>	21,278,803	13,591	(142,438)	0	21,149,956
35	<b>.5 RECLAIMED WATER TREATMENT PLANT</b>					
36	353.5 Land and Land Rights	0	0	0	0	0
37	354.5 Structures and Improvements	1,125	10,915	(208)	0	11,832
38	355.5 Power Generation Equipment	0	0	0	0	0
39	371.5 Pumping Equipment	76,728	32,201	(2,947)	0	105,981
40	374.5 Reuse Distribution Reservoirs	5,312	(226)	0	0	5,086
41	380.5 Treatment and Disposal Equipment	1,541	0	0	0	1,541
42	381.5 Plant Sewers	3,877	0	0	0	3,877
43	389.5 Other Plant and Miscellaneous Equipment	1,720	0	0	0	1,720
44	<b>Total Reclaimed Water Treatment Plant</b>	90,303	42,889	(3,154)	0	130,038

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 201. UTILITY PLANT-IN-SERVICE (Continued)**  
**Account No. 101**

All amounts included in accounts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.6 RECLAIMED WATER DISTRIBUTION PLANT</b>					
2	352.6 Franchises	0	0	0	0	0
3	353.6 Land and Land Rights	0	0	0	0	0
4	354.6 Structures and Improvements	26,796	0	0	0	26,796
5	355.6 Power Generation Equipment	0	0	0	0	0
6	366.6 Reuse Services	0	0	0	0	0
7	367.6 Reuse Meter and Meter Installations	511	0	0	0	511
8	371.6 Pumping Equipment	50,924	23,622	(6,173)	0	68,372
9	375.6 Reuse Transmission and Distribution System	77,367	(1,550)	0	0	75,817
10	389.6 Other Plant and Miscellaneous Equipment	0	0	0	0	0
11	<b>Total Reclaimed Water Distribution Plant</b>	155,598	22,071	(6,173)	0	171,496
12	<b>.7 GENERAL PLANT</b>					
13	353.7 Land and Land Rights	105,435	(24,650)	0	0	80,785
14	354.7 Structures and Improvements	2,006,763	(14,336)	(289)	0	1,992,139
15	390.7 Office Furniture and Equipment	8,186	0	0	0	8,186
16	391.7 Transportation Equipment	0	0	0	0	0
17	392.7 Stores Equipment	723	0	0	0	723
18	393.7 Tools, Shop and Garage Equipment	197,606	(6,947)	0	0	190,659
19	394.7 Laboratory Equipment	44,663	2,839	(2,509)	0	44,992
20	395.7 Power Operated Equipment	13,165	1,262	(438)	0	13,988
21	396.7 Communication Equipment	4,199	0	0	0	4,199
22	397.7 Miscellaneous Equipment	70,617	0	0	0	70,617
23	398.7 Other Tangible Plant	2,302	(657)	0	0	1,646
24	<b>Total General Plant</b>	2,453,659	(42,489)	(3,237)	0	2,407,934
25	<b>101 TOTAL UTILITY PLANT-IN-SERVICE</b>	<b>54,980,168</b>	<b>(3,234,108)</b>	<b>(470,005)</b>	<b>0</b>	<b>51,276,055</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 202. ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE**  
**Account No. 108.1**

Report below an analysis of the changes in accumulated depreciation during the year for each plant category.

Line No.	Depreciated Property Item (a)	Previous Year-End Balance (b)	Credits		Debits		Current Year-End Balance (g)
			Depreciation Expense (c)	Salvage and Other Credits (d)	Plant Retired (e)	Cost of Removal and Other Debits (f)	
1	351 Organization	113,989	(491)	(45,114)	-		68,383
2	353 Land & Land Rights	-	-	-	-		-
3	354 Structure and Improvements	(978,933)	(130,514)	171,734	(6,366)		(944,080)
4	355 Power Generation Equipment	(10,216)	(1,333)	0	-		(11,549)
5	360 Collection Sewers - Force	(857,555)	(58,559)	325,555	(42,928)		(633,487)
6	361 Collection Sewers - Gravity	(3,503,715)	(223,450)	752,124	(17,648)		(2,992,689)
7	362 Special Collecting Structures	(2,858)	(806)	(0)	-		(3,665)
8	363 Services to Customers	126,117	(27,619)	78,722	(54,791)		122,428
9	364 Flow Measuring Devices	5,709	(705)	(1,761)	-		3,242
10	365 Flow Measuring Installations	(279)	(31)	0	-		(310)
11	366 Reuse Services	-	-	-	-		-
12	367 Reuse Meters and Meter Installations	(9)	(8)	-	-		(17)
13	370 Receiving Wells	(87)	(9)	-	-		(96)
14	371 Pumping Equipment	1,113,821	(53,301)	303,166	(208,015)		1,155,671
15	374 Reuse Distribution Reservoirs	(518)	(77)	29	-		(565)
16	375 Reuse Transmission and Distribution System	(5,643)	(1,136)	208	-		(6,572)
17	380 Treatment and Disposal Equipment	(1,983,120)	(252,447)	433,372	(132,481)		(1,934,677)
18	381 Plant Sewers	(14,922)	(4,892)	10,334	(4,828)		(14,308)
19	382 Outfall Sewer Lines	(47,184)	(4,396)	841	-		(50,739)
20	389 Other Plant and Misc. Equipment	(8,506)	(1,149)	527	-		(9,128)
21	390 Office Furniture and Equipment	(1,675)	(1,198)	52	-		(2,821)
22	391 Transportation Equipment		-	-	-		
23	392 Stores Equipment	(62)	(11)	(0)	-		(73)
24	393 Tools, Shop, and Garage Equipment	(18,131)	(2,867)	1,305	-		(19,693)
25	394 Laboratory Equipment	20,046	(669)	3,869	(2,509)		20,736
26	395 Power Operated Equipment	356	(202)	877	(438)		593
27	396 Communication Equipment	(1,140)	(63)	(0)	-		(1,203)
28	397 Miscellaneous Equipment	(4,754)	(1,059)	0	-		(5,814)
29	398 Other Tangible Plant	35	11	98	-		144
30	<b>TOTAL ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE</b>	(6,059,235)	(766,983)	2,035,936	(470,005)	-	(5,260,286)

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 203. UTILITY PLANT ACQUISITION ADJUSTMENT**  
**Account Nos. 114 and 115**

Line No.	Description (a)	Amount (b)
1	Net Plant Book Value	
2	Less: Net Contributions	
3	Total Net Utility Plant Acquired	
4	Less: Purchase Price	
5	<b>Total Utility Plant Acquisition Adjustment (Account No. 114)</b>	(251,569)
6	Less: <b>Accumulated Amortization of Utility Plant Acquisition (Account No. 115)</b>	167,637
7	<b>TOTAL NET UTILITY PLANT ACQUISITION ADJUSTMENT</b>	(83,932)

**Schedule 204. STATEMENT OF RETAINED EARNINGS**  
**Account Nos. 214 and 215**

Line No.	Account Number and Title (a)	Amount (b)
8	<b>APPROPRIATED RETAINED EARNINGS</b>	
9	Beginning of Year Balance	-
10	436 Appropriations of Retained Earnings	
11	437 Dividends Declared - Preferred Stock	
12	438 Dividends Declared - Common Stock	
13	<b>214 TOTAL APPROPRIATED RETAINED EARNINGS</b>	
14	<b>UNAPPROPRIATED RETAINED EARNINGS</b>	
15	Beginning of Year Balance	0
16	435 Balance Transferred from Income (Schedule 300)	0
17	439 Adjustments to Retained Earnings (per Waste Water report)	0
18	<b>215 TOTAL UNAPPROPRIATED RETAINED EARNINGS</b>	0
19	<b>TOTAL RETAINED EARNINGS</b>	0

Notes:

**Retained Earnings are carried on Water Company**

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**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 205. LONG-TERM DEBT - Account Nos. 221, 222, and 224**  
**(Excluding Advances from Associated Companies)**

Give below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the Company and group entries according to accounts and show the total for each account.

Line No.	Class and Series of Obligations (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet (e)	Interest For Year	
						% Rate (f)	Amount (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	<b>TOTAL LONG-TERM DEBT</b>						

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 206. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)**  
**Account No. 271**

Line No.	Description (a)	Amount (b)
1	Beginning of Year Balance	17,481,998
2	Credits Added During the Year:	
3	Contributions Received from Capacity, Main Extensions and Customer Connection Charges	(1,857,749)
4	Contributions Received from Developer or Contract Agreements in cash or property	0
5	Total Credits	
6	Less: Debits Charged During the Year	
7	<b>TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	15,624,249

**Schedule 207. ACCUMULATED AMORTIZATION OF CIAC**  
**Account No. 272**

Line No.	Description (a)	Amount (b)
8	Beginning of Year Balance	4,658,965
9	Debits Charged During the Year: Accruals Charged to Account 272	(317,799)
10	Other Debits Charged During the Year (specify):	
11		
12		
13		
14	Total Debits	(317,799)
15	Credits Added During the Year (specify):	
16		
17		
18		
19	Total Credits	0
20	<b>TOTAL ACCUMULATED AMORTIZATION OF CIAC</b>	4,341,166

21	<b>TOTAL NET CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	11,283,083
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CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

### Schedule 300. INCOME STATEMENT REVENUES AND EXPENSES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY OPERATING INCOME</b>	
2	400 Total Utility Operating Revenues ( <b>Schedule 301</b> )	10,375,959
3	<b>UTILITY OPERATING EXPENSES</b>	
4	401 Operating Expenses ( <b>Schedule 302</b> )	8,068,938
5	403 Depreciation Expenses ( <b>Schedule 303</b> )	766,983
6	406 Amortization of Utility Plant Acquisition Adjustments	
7	407.1 Amortization of Limited Term Plant	
8	407.2 Amortization of Property Losses	
9	407.3 Amortization of Other Utility Plant	(240,475)
10	407.4 Amortization of Regulatory Assets	
11	407.5 Amortization of Regulatory Liabilities	
12	408.10 Utility Regulatory Assessment Fee	
13	408.11 Property Taxes	1,238,065
14	408.12 Payroll Taxes	113,034
15	408.13 Other Taxes and Licenses	108,076
16	409.10 Federal Income Taxes, Utility Operating Income	(0)
17	409.11 State Income Taxes, Utility Operating Income	2
18	409.12 Local Income Taxes, Utility Operating Income	
19	410.10 Deferred Federal Income Taxes	(189,337)
20	410.11 Deferred State Income Taxes	(81,119)
21	410.12 Deferred Local Income Taxes	
22	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
23	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations	
24	412.11 Investment Tax Credits, Restored to Operating income, Utility Operations	(3,881)
25	<b>Total Utility Operating Expenses</b>	<b>9,780,285</b>
26	<b>TOTAL NET UTILITY OPERATING INCOME (LOSS)</b>	<b>595,674</b>
27	<b>OTHER OPERATING INCOME (LOSS)</b>	
28	413 Income from Utility Plant Leased to Others	
29	414 Gains (Losses) from Disposition of Utility Property	194,038
30	<b>Total Other Operating Income (Loss)</b>	<b>194,038</b>
31	<b>OTHER INCOME AND DEDUCTIONS</b>	
32	415 Revenues from Merchandising, Jobbing and Contract Work	
33	416 Costs and Expenses of Merchandising, Jobbing and Contract Work	
34	419 Interest and Dividend Income	
35	420 Allowance for Funds Used During Construction (AFUDC)	
36	421 Non-Utility Income	
37	426 Miscellaneous Non-Utility Expenses	
38	<b>TOTAL OTHER INCOME AND DEDUCTIONS</b>	

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 300. INCOME STATEMENT (Continued)**  
**REVENUES AND EXPENSES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>	
2	408.20 Taxes Other Than Income, Other Income and Deductions	
3	409.20 Income Taxes, Other Income and Deductions	
4	410.20 Provision for Deferred Income Taxes, Other Income and Deductions	
5	411.20 Provisions for Deferred Income Taxes, Credit, Other Income and Deductions	
6	412.20 Investment Tax Credits, Net, Non-Utility Operations	
7	412.30 Investment Tax Credits Restored to Non-Operating Income, Utility Operations	
8	<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUC.</b>	<b>0</b>
9	<b>INTEREST EXPENSE</b>	
10	427.1 Interest on Debt to Associated Companies	
11	427.2 Interest on Short-Term Debt	8,773
12	427.3 Interest on Long-Term Debt	
13	427.4 Interest on Customer Deposits	
14	427.5 Interest - Other	693,916
15	428 Amortization of Debt Discount and Expense	
16	429 Amortization of Premium on Debt	
17	<b>TOTAL INTEREST EXPENSE</b>	<b>702,689</b>
18	<b>EXTRAORDINARY ITEMS</b>	
19	433 Extraordinary Income	
20	434 Extraordinary Deductions	
21	409.30 Income Taxes, Extraordinary Items	
22	<b>TOTAL EXTRAORDINARY ITEMS</b>	<b>0</b>
23	<b>NET INCOME (LOSS)</b>	<b>(301,053)</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**SCHEDULE 301. OPERATING REVENUES**  
**Account No. 400**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>WASTEWATER SALES REVENUE</b>	
2	521 Flat Rate Revenues - General Customers	
3	521.1 Residential	8,720,287
4	521.2 Commercial	1,405,039
5	521.3 Industrial	
6	521.4 Public Authorities	
7	521.5 Multiple Family Dwelling Revenues	
8	521.6 Other Revenues (Availability)	
9	Total Flat Rate (Unmetered) Revenues	10,125,326
10	522 Measured Revenues - General Customers	
11	522.1 Residential	-
12	522.2 Commercial	-
13	522.3 Industrial	
14	522.4 Public Authorities	
15	522.5 Multiple Family Dwellings Revenues	
16	Total Measured Revenues	-
17	523 Revenues from Public Authorities	
18	524 Revenues from Other Systems	
19	525 Interdepartmental Revenues	
20	<b>TOTAL WASTEWATER SALES REVENUE</b>	10,125,326
21	<b>OTHER WASTEWATER REVENUES</b>	
22	530 Guaranteed Revenues	
23	531 Sale of Biosolids	(191)
24	532 Forfeited Discounts	78,049
25	534 Rents from Wastewater Property	
26	535 Interdepartmental Rents	
27	536 Other Wastewater Revenues	172,775
28	<b>TOTAL OTHER WASTEWATER REVENUES</b>	250,633
29	<b>RECLAIMED WATER SALES</b>	
30	540 Flat Rate Reuse Revenues	
31	540.1 Residential Reuse Revenues	
32	540.2 Commercial Reuse Revenues	
33	540.3 Industrial Reuse Revenues	
34	540.4 Reuse Revenues from Public Authorities	
35	540.5 Other Revenues	
36	541 Measured Reuse Revenue	
37	541.1 Residential Reuse Revenues	
38	541.2 Commercial Reuse Revenues	
39	541.3 Industrial Reuse Revenues	
40	541.4 Reuse Revenues from Public Authorities	
41	544 Reuse Revenues from Other Systems	
42	<b>TOTAL RECLAIMED WATER SALES</b>	-
43	<b>400 TOTAL OPERATING REVENUES</b>	10,375,959

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 302. OPERATING EXPENSES**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>COLLECTION EXPENSES</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	718 Chemicals	
8	720 Materials and Supplies	
9	731 Contractual Services - Engineering	
10	732 Contractual Services - Accounting	
11	733 Contractual Services - Legal	
12	734 Contractual Services - Management Fees	
13	735 Contractual Services - Testing	
14	736 Contractual Services - Other	
15	741 Rental of Building/Real Property	
16	742 Rental of Equipment	
17	750 Transportation Expenses	
18	756 Insurance - Vehicle	
19	757 Insurance - General Liability	
20	758 Insurance - Workman's Compensation	
21	759 Insurance - Other	
22	767 Regulatory Commission Expense - Other	
23	775 Miscellaneous Expenses	
24	<b>TOTAL COLLECTION EXPENSES</b>	0

25	<b>PUMPING EXPENSES</b>	
26	701 Salaries and Wages - Employees	
27	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
28	704 Employee Pensions and Benefits	
29	715 Purchased Power	
30	716 Fuel for Power Production	
31	718 Chemicals	
32	720 Materials and Supplies	
33	731 Contractual Services - Engineering	
34	732 Contractual Services - Accounting	
35	733 Contractual Services - Legal	
36	734 Contractual Services - Management Fees	
37	735 Contractual Services - Testing	
38	736 Contractual Services - Other	
39	741 Rental of Building/Real Property	
40	742 Rental of Equipment	
41	750 Transportation Expenses	
42	756 Insurance - Vehicle	
43	757 Insurance - General Liability	
44	758 Insurance - Workman's Compensation	
45	759 Insurance - Other	
46	767 Regulatory Commission Expense - Other	
47	775 Miscellaneous Expenses	
48	<b>TOTAL PUMPING EXPENSES</b>	0

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TREATMENT AND DISPOSAL EXPENSES</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	710 Purchased Wastewater Treatment	1,269,581
6	711 Sludge Removal Expense	1,213,643
7	715 Purchased Power	531,717
8	716 Fuel for Power Production	
9	718 Chemicals	190,844
10	720 Materials and Supplies	470,287
11	731 Contractual Services - Engineering	
12	732 Contractual Services - Accounting	
13	733 Contractual Services - Legal	
14	734 Contractual Services - Management Fees	
15	735 Contractual Services - Testing	182,293
16	736 Contractual Services - Other	
17	741 Rental of Building/Real Property	
18	742 Rental of Equipment	
19	750 Transportation Expenses	
20	756 Insurance - Vehicle	
21	757 Insurance - General Liability	
22	758 Insurance - Workman's Compensation	
23	759 Insurance - Other	
24	767 Regulatory Commission Expense - Other	
25	775 Miscellaneous Expenses	543,353
26	<b>TOTAL TREATMENT AND DISPOSAL EXPENSES</b>	<b>4,401,717</b>

**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>RECLAIMED WATER TREATMENT EXPENSES</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pension and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	718 Chemicals	
8	720 Materials and Supplies	
9	731 Contractual Services - Engineering	
10	732 Contractual Services - Accounting	
11	733 Contractual Services - Legal	
12	734 Contractual Services - Management Fees	
13	735 Contractual Services - Testing	
14	736 Contractual Services - Other	
15	741 Rental of Building/Real Property	
16	742 Rental of Equipment	
17	750 Transportation Expenses	
18	756 Insurance - Vehicle	
19	757 Insurance - General Liability	
20	758 Insurance - Workman's Compensation	
21	759 Insurance - Other	
22	767 Regulatory Commission Expenses- Other	
23	775 Miscellaneous Expenses	
24	<b>TOTAL RECLAIMED WATER TREATMENT EXP.</b>	0
25	<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	4,401,717



**CAROLINA WATER SERVICE, INC.****FOR THE YEAR ENDED 2018**

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)**  
**CUSTOMER AND ADMINISTRATIVE AND GENERAL**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>CUSTOMER ACCOUNTS</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	720 Materials and Supplies	
8	731 Contractual Services - Engineering	
9	732 Contractual Services - Accounting	
10	733 Contractual Services - Legal	
11	734 Contractual Services - Management Fees	
12	735 Contractual Services - Testing	
13	736 Contractual Services - Other	
14	741 Rental of Building/Real Property	
15	742 Rental of Equipment	
16	750 Transportation Expenses	
17	756 Insurance - Vehicle	
18	757 Insurance - General Liability	
19	758 Insurance - Workman's Compensation	
20	759 Insurance - Other	
21	767 Regulatory Commission Expense - Other	
22	770 Bad Debt Expense	96,740
23	775 Miscellaneous Expenses	0
24	<b>TOTAL CUSTOMER ACCOUNTS</b>	<b>96,740</b>
25	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>	
26	701 Salaries and Wages - Employees	1,427,851
27	703 Salaries and Wages - Officers, Directors, and Majority Stockholders	
28	704 Employee Pension and Benefits	367,642
29	715 Purchased Power	
30	716 Fuel for Power Production	
31	720 Materials and Supplies	315,500
32	731 Contractual Services - Engineering	725
33	732 Contractual Services - Accounting	30,119
34	733 Contractual Services - Legal	35,300
35	734 Contractual Services - Management Fees	222,012
36	735 Contractual Services - Testing	
37	736 Contractual Services - Other	111,742
38	741 Rental of Building/Real Property	17,411
39	742 Rental of Equipment	21,845
40	750 Transportation Expenses	113,046
41	756 Insurance - Vehicle	0
42	757 Insurance - General Liability	114,507
43	758 Insurance - Workman's Compensation	0
44	759 Insurance - Other	29,037
45	760 Advertising Expense	434
46	766 Regulatory Commission Expenses- Amort. Of Rate Case Exp.	73,677
47	767 Regulatory Commission Expenses- Other	13,149
48	775 Miscellaneous Expenses	676,484
49	<b>TOTAL ADMINISTRATIVE AND GENERAL</b>	<b>3,570,481</b>
50	<b>401 TOTAL OPERATING EXPENSES</b>	<b>8,068,938</b>

CAROLINA WATER SERVICE, INC.

FOR THE YEAR ENDED 2018

(Company Name)

**Schedule 303. BASIS FOR DEPRECIATION CHARGES BY  
PRIMARY ACCOUNTS  
Account No. 403**

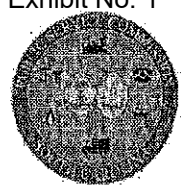
Line No.	Description of Property (a)	Original Cost (b)	Approved Depreciation Rates * (c)	Annual Depreciation (d)
1	351 Organization	32,423	1.50%	491
2	353 Land & Land Rights	81,449	0.00%	0
3	354 Structure and Improvements	8,860,410	1.50%	130,514
4	355 Power Generation Equipment	88,848	1.50%	1,333
5	360 Collection Sewers - Force	3,832,068	1.50%	58,559
6	361 Collection Sewers - Gravity	14,621,180	1.50%	223,450
7	362 Special Collecting Structures	53,757	1.50%	806
8	363 Services to Customers	1,885,177	1.50%	27,619
9	364 Flow Measuring Devices	46,696	1.50%	705
10	365 Flow Measuring Installations	2,044	1.50%	31
11	366 Reuse Services	0	1.50%	0
12	367 Reuse Meters and Meter Installations	511	1.50%	8
13	370 Receiving Wells	602	1.50%	9
14	371 Pumping Equipment	3,723,635	1.50%	53,301
15	374 Reuse Distribution Reservoirs	5,086	1.50%	77
16	375 Reuse Transmission and Distribution System	75,817	1.50%	1,136
17	380 Treatment and Disposal Equipment	16,935,048	1.50%	252,447
18	381 Plant Sewers	328,770	1.50%	4,892
19	382 Outfall Sewer Lines	293,535	1.50%	4,396
20	389 Other Plant and Misc. Equipment	76,415	1.50%	1,149
21	390 Office Furniture and Equipment	8,186	1.50%	1,198
22	391 Transportation Equipment	0	20.00%	
23	392 Stores Equipment	723	1.50%	11
24	393 Tools, Shop, and Garage Equipment	190,659	1.50%	2,867
25	394 Laboratory Equipment	44,992	1.50%	669
26	395 Power Operated Equipment	13,988	1.50%	202
27	396 Communication Equipment	4,199	1.50%	63
28	397 Miscellaneous Equipment	70,617	1.50%	1,059
29	398 Other Tangible Plant	(778)	1.50%	(11)
30	<b>TOTALS</b>	51,276,055		766,983

\* Use Straight-line depreciation rates as approved by the Commission.  
Do not use Tax Depreciation Rates.



DeStefano Direct Exhibit No. 1

**SOUTH CAROLINA PUBLIC SERVICE COMMISSION**  
and  
**SOUTH CAROLINA OFFICE OF REGULATORY STAFF**  
**GROSS RECEIPTS FOR THE TWELVE (12) MONTHS ENDING JUNE 30, 2019**  
(Please correct preprinted information as required)



**Blue Granite Water Company (as of 1/15/2019)**

~~Carolina Water Service, Inc.~~

Company Name (as shown on Certificate)

FEIN



List d/b/a and/or f/k/a aliases

**130 S Main St, Ste 800**

**Greenville**

**SC**

**29601**

Address

City

State

Zip Code

**Katherine Poston, Senior Financial Analyst**

**864-992-1930**

**kposton@uiwater.com**

Regulatory Contact

Area Code & Phone Number

E-Mail

**INTRASTATE GROSS RECEIPTS**

**Revenues Derived Via South Carolina Operations from:**

Water Revenues

(Water) **\$11,868,921.71**

Sewer Revenues

(Sewer) **\$10,929,932.58**

Electricity Revenues

(Electric) \_\_\_\_\_

Natural Gas Revenues

(Gas) \_\_\_\_\_

Railroad Revenues

(Railroad) \_\_\_\_\_

Telecommunications Revenues:

ILEC (Local Exchange)

(ILEC) \_\_\_\_\_

CLEC (Competitive Local Exchange)

(CLEC) \_\_\_\_\_

IXC (Long Distance)

(IXC) \_\_\_\_\_

PSP (Payphone Service Provider)

(PSP) \_\_\_\_\_

Wireless (Eligible Telecommunications Carrier)

(Wireless ETC) \_\_\_\_\_

**Total Revenues Derived Via South Carolina Operations**

**\$ 22,798,854.29**

Preparer's Signature

Date

**Affidavit**

State of **South Carolina**

County of **Greenville**

Personally appeared before me **Robert Hunter**, who, being duly sworn,

says that he/she is the **Director, Financial Planning & Analysis** of **Blue Granite Water Company** (Company) and

that the foregoing statement, for the twelve (12) months ending **June 30, 2019**, is correctly taken from the books and records of said Company, and is true to the best of his/her knowledge and belief.

Sworn to and subscribed before me this

**15<sup>th</sup>**

day of **July**

, 20 **19**

**Katherine Poston**

Notary Public

My commission expires

**2-8-2029**

Return completed form to:

South Carolina Office of Regulatory Staff  
Attention: Gross Receipts Department  
1401 Main Street, Suite 900  
Columbia, SC 29201

**Return Deadline is August 31, 2019**

Failure to timely complete and submit this form could result in the loss of your license, authority or certificate to operate in South Carolina.



# EXHIBIT F

Proposed Refunds/Surcharges:  
TCJA and Storm Reserve Funds

**Blue Granite Water Company - Consolidated****Exhibit F - All Service Territories****Calculation of Storm Reserve Fund Charge and TCJA One-Time Credit****Page 1 of 1****Test Year Ended June 30, 2019****Storm Reserve Fund**

Fund Balance Threshold	\$	200,000
Total Customer Bills		<u>378,611</u>
Monthly Charge per Account	\$	0.53

**TCJA - Tax Expense Overcollection Credit**

1/1/18-6/28/18 Overcollection	\$	(335,713)
Total Pro-Forma Customer Bills		<u>31,551</u>
One-Time Credit per Account	\$	(10.64)

# EXHIBIT G

## Current/Proposed Depreciation and Amortization Rates

**Blue Granite Water Company - Consolidated**  
**Current and Proposed Depreciation and Amortization Rates**  
**Test Year Ended June 30, 2019**

**Exhibit G - All Service Territories**  
**Page 1 of 4**

Account No.	Item	Current Depreciation Rate	Proposed Depreciation Rate
<b>UPIS Water</b>			
1020	ORGANIZATION	1.50%	1.50%
1025	FRANCHISES	1.50%	1.50%
1050	STRUCT & IMPRV SRC SUPP	1.50%	2.76%
1055	STRUCT & IMPRV WTR TRT	1.50%	2.61%
1060	STRUCT & IMPRV TRANS DI	1.50%	2.19%
1065	STRUCT & IMPRV GEN PLT	1.50%	2.26%
1080	WELLS & SPRINGS	1.50%	3.85%
1085	INFILTRATION GALLERY	1.50%	1.50%
1090	SUPPLY MAINS	1.50%	1.91%
1100	ELECTRIC PUMP EQUIP SRC	1.50%	4.53%
1105	ELECTRIC PUMP EQUIP WTP	1.50%	5.00%
1110	ELECTRIC PUMP EQUIP TRA	1.50%	4.76%
1115	WATER TREATMENT EQPT	1.50%	6.77%
1120	DIST RESV & STANDPIPES	1.50%	4.40%
1125	TRANS & DISTR MAINS	1.50%	1.85%
1130	SERVICE LINES	1.50%	7.00%
1135	METERS	1.50%	6.07%
1140	METER INSTALLATIONS	1.50%	5.13%
1145	HYDRANTS	1.50%	2.47%
1150	BACKFLOW PREVENTION DEV	1.50%	5.06%
1155	OTH PLT&MISC EQUIP INTA	1.50%	4.56%
1160	OTH PLT&MISC EQUIP SRC	1.50%	2.67%
1165	OTH PLT&MISC EQUIP WTP	1.50%	3.28%
1170	OTH PLT&MISC EQUIP TRAN	1.50%	4.19%
1175	OFFICE STRUCT & IMPRV	1.50%	2.24%
1180	OFFICE FURN & EQPT	1.50%	13.03%
1190	TOOL SHOP & MISC EQPT	1.50%	10.11%
1195	LABORATORY EQUIPMENT	1.50%	10.72%
1200	POWER OPERATED EQUIP	1.50%	8.93%
1205	COMMUNICATION EQPT	1.50%	23.35%
1210	MISC EQUIPMENT	1.50%	6.14%
1220	OTHER TANGIBLE PLT WATE	1.50%	7.56%
1555	TRANSPORTATION EQPT WTR	20.00%	2.90%
1560	TRANSPORTATION EQPT SWR	20.00%	2.90%
1575	DESKTOP COMPUTER WTR	33.33%	33.33%
1580	MAINFRAME COMPUTER WTR	20.00%	20.00%
1585	MINI COMPUTERS WTR	33.33%	33.33%
1590	COMP SYS COST WTR	12.50%	12.50%
1595	MICRO SYS COST WTR	33.33%	33.33%

**Blue Granite Water Company - Consolidated**  
**Current and Proposed Depreciation and Amortization Rates**  
**Test Year Ended June 30, 2019**

**Exhibit G - All Service Territories**  
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Account No.	Item	Current Depreciation Rate	Proposed Depreciation Rate
<b>UPIS Sewer</b>			
1245	ORGANIZATION	1.50%	1.50%
1250	FRANCHISES INTANG PLT	1.50%	1.50%
1255	FRANCHISES RECLAIM WTR	1.50%	1.50%
1290	STRUCT/IMPRV COLL PLT	1.50%	3.68%
1295	STRUCT/IMPRV PUMP PLT L	1.50%	2.85%
1300	STRUCT/IMPRV TREAT PLT	1.50%	2.34%
1305	STRUCT/IMPRV RECLAIM WT	1.50%	2.24%
1310	STRUCT/IMPRV RECLAIM WT	1.50%	3.41%
1315	STRUCT/IMPRV GEN PLT	1.50%	2.15%
1320	POWER GEN EQUIP COLL PL	1.50%	4.17%
1325	POWER GEN EQUIP PUMP PL	1.50%	4.08%
1330	POWER GEN EQUIP TREAT P	1.50%	4.17%
1345	SEWER FORCE MAIN	1.50%	1.98%
1350	SEWER GRAVITY MAIN	1.50%	1.78%
1353	MANHOLES	1.50%	3.37%
1355	SPECIAL COLL STRUCTURES	1.50%	2.16%
1360	SERVICES TO CUSTOMERS	1.50%	3.86%
1365	FLOW MEASURE DEVICES	1.50%	5.50%
1370	FLOW MEASURE INSTALL	1.50%	5.14%
1375	RECEIVING WELLS	1.50%	2.99%
1380	PUMPING EQUIPMENT PUMP	1.50%	4.77%
1385	PUMPING EQUIPMENT RECLA	1.50%	5.79%
1390	PUMPING EQUIPMENT RCL W	1.50%	5.49%
1395	TREAT/DISP EQUIP LAGOON	1.50%	3.63%
1400	TREAT/DISP EQUIP TRT PL	1.50%	4.73%
1405	TREAT/DISP EQUIP RCL WT	1.50%	3.31%
1410	PLANT SEWERS TRTMT PLT	1.50%	5.50%
1415	PLANT SEWERS RECLAIM WT	1.50%	5.88%
1420	OUTFALL LINES	1.50%	2.17%
1425	OTHER PLT TANGIBLE	1.50%	7.76%
1430	OTHER PLT COLLECTION	1.50%	6.01%
1435	OTHER PLT PUMP	1.50%	7.58%
1440	OTHER PLT TREATMENT	1.50%	7.63%
1445	OTHER PLT RECLAIM WTR T	1.50%	7.79%
1455	OFFICE STRUCT & IMPRV	1.50%	2.25%
1460	OFFICE FURN & EQPT	1.50%	6.62%
1465	STORES EQUIPMENT	1.50%	6.22%
1470	TOOL SHOP & MISC EQPT	1.50%	5.69%
1475	LABORATORY EQPT	1.50%	6.18%
1480	POWER OPERATED EQUIP	1.50%	5.42%
1485	COMMUNICATION EQPT	1.50%	15.24%
1490	MISC EQUIP SEWER	1.50%	6.74%
1500	OTHER TANGIBLE PLT SEWE	1.50%	7.56%
1530	REUSE MTR/INSTALLATIONS	1.50%	5.13%
1535	REUSE DIST RESERVOIRS	1.50%	4.40%
1540	REUSE TRANSMISSION & DIST	1.50%	1.85%
1555	TRANSPORTATION EQPT WTR	20.00%	2.90%
1560	TRANSPORTATION EQPT SWR	20.00%	2.90%
1575	DESKTOP COMPUTER WTR	33.33%	33.33%
1580	MAINFRAME COMPUTER WTR	20.00%	20.00%
1585	MINI COMPUTERS WTR	33.33%	33.33%
1590	COMP SYS COST WTR	12.50%	12.50%
1595	MICRO SYS COST WTR	33.33%	33.33%



**Blue Granite Water Company - Consolidated**  
**Current and Proposed Depreciation and Amortization Rates**  
**Test Year Ended June 30, 2019**

**Exhibit G - All Service Territories**  
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Account No.	Item	Current Amortization Rate	Proposed Amortization Rate
<b>CIAC Water</b>			
3255	CIAC-ORGANIZATION	1.50%	1.50%
3260	CIAC-FRANCHISES	1.50%	1.50%
3265	CIAC-STRUCT & IMPRV SRC	1.50%	2.76%
3270	CIAC-STRUCT & IMPRV WTP	1.50%	2.61%
3275	CIAC-STRUCT & IMPRV TRA	1.50%	2.19%
3280	CIAC-STRUCT & IMPRV GEN	1.50%	2.26%
3295	CIAC-WELLS & SPRINGS	1.50%	3.85%
3300	CIAC-INFILTRATION GALLE	1.50%	1.50%
3305	CIAC-SUPPLY MAINS	1.50%	1.91%
3315	CIAC-ELEC PUMP EQP SRC	1.50%	4.53%
3320	CIAC-ELEC PUMP EQP WTP	1.50%	5.00%
3325	CIAC-ELEC PUMP EQP TRAN	1.50%	4.76%
3330	CIAC-WATER TREATMENT EQ	1.50%	6.77%
3335	CIAC-DIST RESV & STANDP	1.50%	4.40%
3340	CIAC-TRANS & DISTR MAIN	1.50%	1.85%
3345	CIAC-SERVICE LINES	1.50%	7.00%
3350	CIAC-METERS	1.50%	6.07%
3355	CIAC-METER INSTALLS	1.50%	5.13%
3360	CIAC-HYDRANTS	1.50%	2.47%
3365	CIAC-BACKFLOW PREVENT D	1.50%	5.06%
3370	CIAC-OTH PLT&MISC EQP I	1.50%	4.56%
3375	CIAC-OTH PLT&MISC EQP S	1.50%	2.67%
3380	CIAC-OTH PLT&MISC EQP W	1.50%	3.28%
3385	CIAC-OTH PLT&MISC EQP D	1.50%	4.19%
3390	CIAC-OFFICE STRUCTURE	1.50%	2.24%
3395	CIAC-OFFICE FURN/EQPT	1.50%	13.03%
3400	CIAC-STORES EQUIPMENT	1.50%	1.50%
3405	CIAC-TOOL SHOP & MISC E	1.50%	10.11%
3410	CIAC-LABORATORY EQUIPME	1.50%	10.72%
3415	CIAC-POWER OPERATED EQU	1.50%	8.93%
3420	CIAC-COMMUNICATION EQPT	1.50%	23.35%
3425	CIAC-MISC EQUIPMENT	1.50%	6.14%
3430	CIAC-OTHER TANGIBLE PLT	1.50%	7.56%
3435	CIAC-WATER-TAP	1.50%	5.13%
3440	CIAC-WTR MGMT FEE	1.50%	5.13%
3450	CIAC-WTR PLT MOD FEE	1.50%	2.26%
3455	CIAC-WTR PLT MTR FEE	1.50%	6.07%

**Blue Granite Water Company - Consolidated**  
**Current and Proposed Depreciation and Amortization Rates**  
**Test Year Ended June 30, 2019**

**Exhibit G - All Service Territories**  
**Page 4 of 4**

Account No.	Item	Current Amortization Rate	Proposed Amortization Rate
<b>CIAC Sewer</b>			
3480	CIAC-ORGANIZATION	1.50%	1.50%
3485	CIAC-FRANCHISES INTANG	1.50%	1.50%
3490	CIAC-FRANCHISES RCLM WT	1.50%	1.50%
3495	CIAC-STRUCT/IMPRV COLL	1.50%	3.68%
3500	CIAC-STRUCT/IMPRV PUMP	1.50%	2.85%
3505	CIAC-STRUCT/IMPRV TREAT	1.50%	2.34%
3510	CIAC-STRUCT/IMPRV RCLM	1.50%	2.24%
3515	CIAC-STRUCT/IMPRV RCLM	1.50%	3.41%
3520	CIAC-STRUCT/IMPRV GEN P	1.50%	2.15%
3525	CIAC-POWER GEN EQUIP CO	1.50%	4.17%
3530	CIAC-POWER GEN EQUIP PU	1.50%	4.08%
3535	CIAC-POWER GEN EQUIP TR	1.50%	4.17%
3550	CIAC-SEWER FORCE MAIN	1.50%	1.98%
3555	CIAC-SEWER GRAVITY MAIN	1.50%	1.78%
3557	CIAC-MANHOLES	1.50%	3.37%
3560	CIAC-SPECIAL COLL STRUC	1.50%	2.16%
3565	CIAC-SERVICES TO CUSTOM	1.50%	3.86%
3570	CIAC-FLOW MEASURE DEVIC	1.50%	5.50%
3575	CIAC-FLOW MEASURE INSTA	1.50%	5.14%
3580	CIAC-RECEIVING WELLS	1.50%	2.99%
3585	CIAC-PUMP EQP PUMP PLT	1.50%	4.77%
3590	CIAC-PUMP EQP RCLM WTP	1.50%	5.79%
3595	CIAC-PUMP EQP RCLM DIST	1.50%	5.49%
3600	CIAC-TREAT/DISP EQUIP L	1.50%	3.63%
3605	CIAC-TREAT/DISP EQUIP T	1.50%	4.73%
3610	CIAC-TREAT/DISP EQUIP R	1.50%	3.31%
3615	CIAC-PLANT SEWERS TRTMT	1.50%	5.50%
3620	CIAC-PLANT SEWERS RCLM	1.50%	5.88%
3625	CIAC-OUTFALL LINES	1.50%	2.17%
3630	CIAC-OTHER PLT TANGIBLE	1.50%	7.76%
3635	CIAC-OTHER PLT COLLECTI	1.50%	6.01%
3640	CIAC-OTHER PLT PUMP	1.50%	7.58%
3645	CIAC-OTHER PLT TREATMEN	1.50%	7.63%
3650	CIAC-OTHER PLT RCLM WTR	1.50%	7.79%
3660	CIAC-OFFICE STRUCTURE	1.50%	2.25%
3665	CIAC-OFFICE FURN/EQPT	1.50%	6.62%
3670	CIAC-STORES EQUIPMENT	1.50%	6.22%
3675	CIAC-TOOL SHOP & MISC E	1.50%	5.69%
3680	CIAC-LABORATORY EQPT	1.50%	6.18%
3685	CIAC-POWER OPERATED EQU	1.50%	5.42%
3690	CIAC-COMMUNICATION EQPT	1.50%	15.24%
3695	CIAC-MISC EQUIP SEWER	1.50%	6.74%
3700	CIAC-OTHER TANGIBLE PLT	1.50%	7.56%
3705	CIAC-SEWER-TAP	1.50%	3.86%
3710	CIAC-SWR MGMT FEE	1.50%	3.86%
3720	CIAC-SWR PLT MOD FEE	1.50%	2.15%
3725	CIAC-SWR PLT MTR FEE	1.50%	3.86%

# EXHIBIT H

## Proposed Notice to Customers and Proposed Newspaper Notice

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA****CLERK'S OFFICE****NOTICE OF FILING AND HEARING AND PREFILE TESTIMONY DEADLINES****(Notice to Customers)****DOCKET NO. 2019-290-WS****Application of Blue Granite Water Company for Approval of an  
Adjustment in Rate Schedules and an Increase in Rates**

On September 30, 2019, Blue Granite Water Company ("Blue Granite" or the "Company") filed with the Public Service Commission of South Carolina ("Commission") an application requesting authority to adjust its rate schedules and to increase its rates ("Application"). The Application was filed pursuant to S.C. Code Ann. §§ 58-5-210, 58-5-220, and 58-5-240 and S.C. Code Ann. Regs. 103-503, 103-703, and 103-823.

In its Application, the Company states that recent major capital projects needed to improve service to customers, increases in costs for third-party purchased water and wastewater treatment, increases in property taxes related to capital investment, and updates to depreciation rates, have made it necessary to request a net increase in retail revenues. The Company has invested approximately \$23 million in its water and wastewater infrastructure since the last rate case, filed in November 2017. Blue Granite's request includes a one-time credit to customers resulting from the federal Tax Cuts and Jobs Act in the amount of \$10.64. Blue Granite also proposes to implement annual rate adjustment procedures for Purchased Water Charges and Purchased Wastewater Treatment Charges, and for authority to continue to defer the Company's purchased water and wastewater treatment expenses (above or below the amounts reflected in rates) caused by changes in third party provider rates, until such expenses are reflected in rates. The Company also makes other requests in its Application, including authority to defer costs related to the decommissioning of certain assets, to establish a storm reserve fund, to include in its tariff the treatment of taxes on contributions in aid of construction, to change its pumping charge for solids interceptor tanks to reflect actual costs, and to implement an opt-in "Round Up" program to assist customers in need.

Blue Granite seeks to recover additional annual revenues of \$4,744,305 resulting from third-party purchased water and wastewater treatment and \$6,987,498 resulting primarily from investments in infrastructure needed to serve customers, for a total requested annual revenue increase of \$11,731,803. This results in an annual revenue increase for Service Territory 1 Water of \$3,636,850, for Service Territory 2 Water of \$1,939,107, and for Consolidated Sewer of \$6,155,846. Blue Granite also proposes to separately bill for and receive annual revenues to recover third-party purchased water and wastewater treatment costs. Applicable water service customers are designated as "Distribution Only", and applicable sewer service customers are designated as "Collection Only" in the proposed tariff rates below:

## SCHEDULE OF PROPOSED RATES AND CHARGES

### WATER

#### Service Territory 1

#### Monthly Charges - Water Supply Customers Only

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge	\$ 14.38 per unit	\$ 22.09 per unit
Commodity Charge	\$ 5.59 per 1,000 gal. or 134 cft.	\$ 8.59 per 1,000 gal. or 134 cft.

#### Commercial

Base Facilities Charge  
by meter size

5/8" meter *	\$ 14.38 per unit	\$ 22.09 per unit
3/4" meter	\$ 14.38 per unit	\$ 22.09 per unit
1" meter	\$ 37.43 per unit	\$ 55.24 per unit
1.5" meter	\$ 74.86 per unit	\$ 110.47 per unit
2" meter	\$ 119.78 per unit	\$ 176.76 per unit
3" meter	\$ 224.59 per unit	\$ 331.42 per unit
4" meter	\$ 374.42 per unit	\$ 552.37 per unit
8" meter	\$1,150.51 per unit	\$1,767.59 per unit

Commercial Commodity Charge	\$ 5.59 per 1,000 gal. or 134 cft.	\$ 8.59 per 1,000 gal. or 134 cft.
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#### Monthly Charges – Water Distribution Customers Only

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge per single-family house, condominium, mobile home, or apartment unit	\$14.38 per unit	\$22.09 per unit
Residential Distribution Charge	\$ 7.55 per 1,000 gal. or 134 cft.	\$ 4.75 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 6.85 per 1,000 gal. or 134 cft.

#### Commercial

Base Facilities Charge  
by meter size

5/8" meter *	\$ 14.38 per unit	\$ 22.09 per unit
3/4" meter	\$ 14.38 per unit	\$ 22.09 per unit
1" meter	\$ 37.43 per unit	\$ 55.24 per unit
1.5" meter	\$ 74.86 per unit	\$ 110.47 per unit
2" meter	\$ 119.78 per unit	\$ 176.76 per unit

3" meter	\$ 224.59 per unit	\$ 331.42 per unit
4" meter	\$ 374.42 per unit	\$ 552.37 per unit
8" meter	\$1,150.51 per unit	\$1,767.59 per unit
Commercial Distribution Charge	\$ 7.55 per 1,000 gal. or 134 cft.	\$ 4.75 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 6.85 per 1,000 gal. or 134 cft.

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### **Purchased Water Expense Rate Adjustment Mechanism**

"Water Distribution Customers Only" for Water Service Territory 1 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate adjustment is calculated using customer and consumption data from the annual reconciliation period. The commodity rate adjustment is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 1 in the annual reconciliation period. The average consumption is determined by taking the total water consumption for the annual reconciliation period and dividing it by the total number of water billing units for the annual reconciliation period. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the commodity rate adjustment required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The commodity rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

### **Storm Reserve Fund Surcharge**

Each water customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

## **Service Territory 2**

### **Monthly Charges - Water Supply Customers**

Where water is supplied by wells owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge	\$ 28.59 per unit	\$ 38.58 per unit
Commodity Charge	\$ 10.27 per 1,000 gal. or 134 cft.	\$ 13.86 per 1,000 gal. or 134 cft.
<u>Commercial</u>		
Base Facilities Charge by meter size		
5/8" meter*	\$ 28.59 per unit	\$ 38.58 per unit
1" meter	\$ 79.59 per unit	\$ 96.45 per unit
1.5" meter	\$ 146.27 per unit	\$192.89 per unit

3" meter	\$ 499.14 per unit	\$578.67 per unit
Commercial Distribution Charge	\$ 10.27 per 1,000 gal. or 134 cft.	\$13.86 per 1,000 gal. or 134 cft.

**Monthly Charges – Water Distribution Customers Only**

Where water is purchased from a governmental body or agency or other entity for distribution and resale by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Base Facilities Charge	\$28.59 per unit	\$38.58 per unit
Distribution Charge	\$11.85 per 1,000 gal. or 134 cft.	\$ 4.91 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 11.08 per 1,000 gal. or 134 cft.

**Commercial**

Base Facilities Charge by meter size:

5/8" meter*	\$ 28.59 per unit	\$ 38.58 per unit
1" meter	\$ 79.59 per unit	\$ 96.45 per unit
1.5" meter	\$ 146.27 per unit	\$192.89 per unit
3" meter	\$ 499.14 per unit	\$578.67 per unit
Commercial Distribution Charge	\$ 11.85 per 1,000 gal. or 134 cft.	\$ 4.91 per 1,000 gal. or 134 cft.
Purchased Water Charge	\$ N/A per 1,000 gal. or 134 cft.	\$ 11.08 per 1,000 gal. or 134 cft.

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**Purchased Water Expense Rate Adjustment Mechanism**

“Water Distribution Customers Only” for Water Service Territory 2 are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased water provider rate changes.

The commodity rate adjustment is calculated using customer and consumption data from the annual reconciliation period. The commodity rate adjustment is calculated by first finding the average consumption of all water distribution customers for Water Service Territory 2 in the annual reconciliation period. The average consumption is determined by taking the total water consumption for the annual reconciliation period and dividing it by the total number of water billing units for the annual reconciliation period. Next, the adjustment in purchased water expense caused by known and measurable changes in rates from third party wholesale providers is calculated. Then, the expense per billing unit is calculated by dividing the total change in purchased water expense by the annualized number of water billing units. Finally, the commodity rate adjustment required to recover or rebate the change in purchased water expenses is determined by dividing the expense per billing unit by the average consumption per 1,000 gallons. The commodity rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

**Storm Reserve Fund Surcharge**

Each water customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service

to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

\*\*\*

## 2. Non-Recurring Charges

A. Water Service Connection (New connections only) - \$300 per SFE\*

B. Plant Impact Fee (New connections only) - \$400 per SFE\*

The fees in this Section are subject to the tax considerations noted in Section G below.

The Plant Capacity Fee reflects the portion of plant capacity which will be used to provide service to the new customers as authorized by Commission Rule R. 103-702.13. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing water production, treatment and/or distribution facilities that are essential to provide adequate water service to the new customer's property.

C. Water Meter Installation - 5/8 inches x 3/4 inches meter \$45.00

All 5/8 inch x 3/4 inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$45 shall be due upon installation for those locations where no 5/8 inch x 3/4 inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's actual cost of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

The fees in this Section are subject to the tax considerations noted in Section G below.

\*\*\*

G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

## SEWER

### Monthly Charges – Sewer Collection & Treatment Only

Where sewage collection and treatment are provided through facilities owned and operated by the Utility, the following rates apply:

	<u>Current</u>	<u>Proposed</u>
Residential	\$65.08 per unit	\$101.30 per unit
Mobile Homes	\$47.50 per unit	\$73.94 per unit



Commercial, per Single Family Equivalent      \$65.08 per SFE      \$101.30 per SFE

Commercial customers are those not included in the residential category above and include, but are not limited to, hotels, stores, restaurants, offices, industry, etc.

**Monthly Charges – Sewer Collection Only**

When sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, the Utility's rates are as follows:

	<u>Current</u>	<u>Proposed</u>
Residential – per single-family house, condominium, or apartment unit	\$65.08 per unit	\$47.10 per unit
Sewer Treatment Charge	\$ N/A per unit	\$54.20 per unit
Commercial	\$65.08 per SFE*	\$47.10 per SFE*
Sewer Treatment Charge	\$ N/A per SFE*	\$54.20 per SFE*
The Village Sewer Collection	\$33.86 per SFE*	\$52.71 per SFE*

\*\*\*

**Purchased Wastewater Expense Rate Adjustment Mechanism**

“Sewer Collection Only” customers are subject to annual rate adjustments ordered by the South Carolina Public Service Commission to recover in rates changes in expenses, without markup, that result from third party wholesale purchased wastewater treatment provider rate changes.

The monthly flat rate is calculated using customer data from the most recent annual reconciliation period. The flat rate adjustment is calculated by taking the adjustment in purchased wastewater treatment expenses caused by known and measurable changes in rates from third party wholesale providers and dividing by the total number of wastewater billing units at the end of the annual reconciliation period. The flat rate adjustment designed to recover the deferral balance amortization expense is adjusted each year and reset to zero when a new base rate case is effective.

**Storm Reserve Fund Surcharge**

Each sewer customer will be assessed a monthly Storm Reserve Fund surcharge of \$0.53 until the Storm Reserve Fund has reached a balance of \$200,000. Thereafter, assessment of the Storm Reserve Fund surcharge will be suspended until such time as actual costs are incurred by the Company to restore service to customers after storms, at which point the surcharge will be reinstituted until the Storm Reserve Fund has reached a balance of \$200,000.

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**2. Solids Interceptor Tanks**

For all customers receiving sewage collection service through an approved solids interceptor tank, the following additional charges shall apply:

**A. Pumping Charge**

On such regular intervals as the Utility deems prudent, or upon discovery that excessive solids have accumulated in the interceptor tank, the Utility will arrange for the customer's tank to be pumped out and cleaned. The Utility shall bill the customer for the actual cost to the Utility of pumping and cleaning the tank, including the Utility's cost to access the tank (“Pumping Charge”). The Pumping Charge will be included as a separate line item

on the next regular billing to the customer. Alternatively, at the customer's request, the Pumping Charge may be billed to the customer in twelve equal monthly installments.

\*\*\*

### 3. Non-recurring Charges

- A. Sewer Service Connection (New connections only)      \$300 per SFE\*
- B. Plant Capacity Fee (New connections only)      \$400 per SFE\*

The fees in this Section are subject to the tax considerations noted in Section G below.

\*\*\*

- G. Taxes: All contributions and advances, whether in the form of property or cash, shall be increased by a cash payment to the utility. Cash contributions and advances shall include an amount equal to 33.24% of the face value of the contribution or advance. Property contributions and advances shall include an amount equal to 18.28% of the original cost of the contribution or advance.

A copy of the Company's Application can be found on the Commission's website at [www.psc.sc.gov](http://www.psc.sc.gov) under Docket No. 2019-290-WS. Additionally, a copy of the Application is available from the offices of Frank R. Ellerbe, III, Esquire and Samuel J. Wellborn, Esquire, Robinson Gray Stepp & Laffitte, LLC, Post Office Box 11449, Columbia, South Carolina 29211.

Any person who wishes to participate in this matter as a party of record should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **December 16, 2019**, by filing the Petition to Intervene with the Commission, by providing a copy to the Office of Regulatory Staff and by providing a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2019-290-WS and mail a copy to all other parties in this docket.*** Any person who seeks to intervene and who wishes to testify and present evidence at the hearing should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the company at the above address, on or before **December 16, 2019**. ***Please refer to Docket No. 2019-290-WS.***

Any person who wishes to request that the Commission hold a public hearing in his or her county of residence in order to hear comments from the utility's customers should notify, in writing, the Commission at the address below; the Office of Regulatory Staff, at 1401 Main Street, Suite 900, Columbia, SC 29201; and the Company at the above address, on or before **December 16, 2019**.

**PLEASE TAKE NOTICE** that a hearing, pursuant to S.C. Code Ann. Regs. 103-817 and S.C. Code Ann. § 58-5-240, on the above matter has been scheduled to begin on **Wednesday, February 26, 2020, at 10:00 a.m.**, before the Commission in the Commission's Hearing Room at 101 Executive Center Drive, Suite 100, Saluda Building, Columbia, South Carolina 29210 for the purpose of receiving testimony and evidence from all interested parties. The hearing may continue through February 27, 2020, if necessary.

#### **INSTRUCTIONS TO ALL PARTIES OF RECORD (Applicant, Petitioners, and Intervenors only):**

All Parties of Record must pre-file testimony with the Commission and with all parties of record. Pre-filed Testimony Deadlines: the Company's **Direct Testimony Due: 12/30/2019**; Other Parties of Record **Direct Testimony Due: 1/22/2020**; the Company's **Rebuttal Testimony Due: 2/5/2020**; and Other Parties of Record **Surrebuttal Testimony Due: 2/12/2020**. All Pre-filed Testimony Deadlines are subject to the information as posted on [www.psc.sc.gov](http://www.psc.sc.gov) under **Docket No. 2019-290-WS**.

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to [www.psc.sc.gov](http://www.psc.sc.gov) and **Docket No. 2019-290-WS**.

**PLEASE TAKE NOTICE** that any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at [www.psc.sc.gov](http://www.psc.sc.gov).

## PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

## CLERK'S OFFICE

**NOTICE OF FILING AND HEARING AND PREFILE TESTIMONY DEADLINES**  
(Notice for Newspaper)

## DOCKET NO. 2019-290-WS

**Application of Blue Granite Water Company for Approval of an  
Adjustment in Rate Schedules and an Increase in Rates**

On September 30, 2019, Blue Granite Water Company ("Blue Granite" or the "Company") filed with the Public Service Commission of South Carolina ("Commission") an application requesting authority to adjust its rate schedules and to increase its rates ("Application"). The Application was filed pursuant to S.C. Code Ann. §§ 58-5-210, 58-5-220, and 58-5-240 and S.C. Code Ann. Regs. 103-503, 103-703, and 103-823.

In its Application, the Company states that recent major capital projects needed to improve service to customers, increases in costs for third-party purchased water and wastewater treatment, increases in property taxes related to capital investment, and updates to depreciation rates, have made it necessary to request a net increase in retail revenues. The Company has invested approximately \$23 million in its water and wastewater infrastructure since the last rate case, filed in November 2017. Blue Granite's request includes a one-time credit to customers resulting from the federal Tax Cuts and Jobs Act in the amount of \$10.64. Blue Granite also proposes to implement annual rate adjustment procedures for Purchased Water Charges and Purchased Wastewater Treatment Charges, and for authority to continue to defer the Company's purchased water and wastewater treatment expenses (above or below the amounts reflected in rates) caused by changes in third party provider rates, until such expenses are reflected in rates. The Company also makes other requests in its Application, including authority to defer costs related to the decommissioning of certain assets, to establish a storm reserve fund, to include in its tariff the treatment of taxes on contributions in aid of construction, to change its pumping charge for solids interceptor tanks to reflect actual costs, and to implement an opt-in "Round Up" program to assist customers in need.

Blue Granite seeks to recover additional annual revenues of \$4,744,305 resulting from third-party purchased water and wastewater treatment, and \$6,987,498 resulting primarily from investments in infrastructure needed to serve customers, for a total requested annual revenue increase of \$11,731,803. This results in an annual revenue increase for Service Territory 1 Water of \$3,636,850, for Service Territory 2 Water of \$1,939,107, and for Consolidated Sewer of \$6,155,846. Blue Granite also proposes to separately bill for and receive annual revenues to recover third-party purchased water and wastewater treatment costs.

A copy of the Company's Application can be found on the Commission's website at [www.psc.sc.gov](http://www.psc.sc.gov) under Docket No. 2019-290-WS. Additionally, a copy of the Application is available from the offices of Frank R. Ellerbe, III, Esquire and Samuel J. Wellborn, Esquire, Robinson Gray Stepp & Laffitte, LLC, Post Office Box 11449, Columbia, South Carolina 29211.

Any person who wishes to participate in this matter as a party of record should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **December 16, 2019**, by filing the Petition to Intervene with the Commission, by providing a copy to the Office of Regulatory Staff and by providing a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2019-290-WS and mail a copy to all other parties in this docket.*** Any person who seeks to intervene and who wishes to testify and present evidence at the hearing should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the company at the above address, on or before **December 16, 2019**. ***Please refer to Docket No. 2019-290-WS.***

Any person who wishes to request that the Commission hold a public hearing in his or her county of

residence in order to hear comments from the utility's customers should notify, in writing, the Commission at the address below; the Office of Regulatory Staff, at 1401 Main Street, Suite 900, Columbia, SC 29201; and the Company at the above address, on or before **December 16, 2019**.

**PLEASE TAKE NOTICE** that a hearing, pursuant to S.C. Code Ann. Regs. 103-817 and S.C. Code Ann. § 58-5-240, on the above matter has been scheduled to begin on **Wednesday, February 26, 2020, at 10:00 a.m.**, before the Commission in the Commission's Hearing Room at 101 Executive Center Drive, Suite 100, Saluda Building, Columbia, South Carolina 29210 for the purpose of receiving testimony and evidence from all interested parties. The hearing may continue through February 27, 2020, if necessary.

**INSTRUCTIONS TO ALL PARTIES OF RECORD (Applicant, Petitioners, and Intervenors only):** All Parties of Record must pre-file testimony with the Commission and with all parties of record. Pre-filed Testimony Deadlines: the Company's **Direct Testimony** Due: **12/30/2019**; Other Parties of Record **Direct Testimony** Due: **1/22/2020**; the Company's **Rebuttal Testimony** Due: **2/5/2020**; and Other Parties of Record **Surrebuttal Testimony** Due: **2/12/2020**. All Pre-filed Testimony Deadlines are subject to the information as posted on [www.psc.sc.gov](http://www.psc.sc.gov) under **Docket No. 2019-290-WS**.

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to [www.psc.sc.gov](http://www.psc.sc.gov) and **Docket No. 2019-290-WS**.

**PLEASE TAKE NOTICE** that any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at [www.psc.sc.gov](http://www.psc.sc.gov).

**Annual Rate Adjustment Mechanism**  
**Example Calculation of Water Rate Adjustment Year 1**

**Table 1**

Line No.			Notes
1			
2	Annualized Consumption	550,000,000	From Most Recent Annual Period
3	Annualized Number of Bills	100,000	From Most Recent Annual Period
4			
5	<b>Average Consumption</b>	<b>5,500</b>	$= 2 / 3$
6			
7	Change in Purchased Water Expense	\$ 100,000	Updated at Filing
8	Balance in Deferred Regulatory Asset	\$ 50,000	Updated at Filing
9			
10	Adjustment - Change in Expense	\$ 0.18	$= (7 / 3) / (5 / 1000)$
11	Adjustment - Deferred Regulatory Asset	\$ 0.09	$= (8 / 3) / (5 / 1000)$
12			
13	<b>Total Purchased Water Adjustment Charge/1,000 Gallons</b>	<b>\$ 0.27</b>	$= 10 + 11$

**Annual Rate Adjustment Mechanism**  
**Example Calculation of Over/(Under) Collection of Deferred Regulatory Asset Amortization**

**Table 2**

Line No.			Notes
1			
2	Prior Adjustment - Deferred Regulatory Asset	\$ 0.09	From Year 1 Calculation, Line 11
3	Annualized Consumption	566,500,000	From Most Recent Annual Period
4			
5	<b>Realized Revenues in Year 1 of Mechanism</b>	<b>\$ 51,500</b>	$= 2 * 3$  Would be Actual + Estimated for Year 1 amounts billed. Estimates replaced with actuals during review, remaining estimates based on average usage/customer for same month in prior year
6			
7	Recovery of Deferred Regulatory Asset from Prior Filing	\$ 50,000	From Year 1 Calculation, Line 8
8			
9	<b>Over/(Under) Collection Adjustment</b>	<b>\$ 1,500</b>	$= 5 - 7$

**Annual Rate Adjustment Mechanism**  
**Example Calculation of Water Rate Adjustment Year 1**

**Table 3**

Line No.			Notes
1			
2	Annualized Consumption	566,500,000	From Year 1 Over/(Under) Calculation, Line 3
3	Annualized Number of Bills	103,000	From Most Recent Annual Period
4			
5	<b>Average Consumption</b>	<b>5,500</b>	$= 2 / 3$
6			
7	Change in Purchased Wastewater Expense - Current	\$ 125,000	Updated at Filing  To capture incremental annualized increase vs authorized in base rates + prior year
8	Change in Purchased Wastewater Expense - Prior	\$ 100,000	From Year 1 Calculation, Line 7
9			
10	<b>Total Change in Purchased Water Expense</b>	<b>\$ 225,000</b>	$= 7 + 8$
11			
12	Balance in Deferred Regulatory Asset - Current	\$ 75,000	Updated at Filing
13	Over/(Under) Collection Adjustment	\$ 1,500	From Year 1 Over/(Under) Calculation, Line 9
14			
15	<b>Adjusted Asset Balance for Over/(Under) Collection</b>	<b>\$ 73,500</b>	$= 12 - 13$
16			
17	Adjustment - Change in Expense	\$ 0.40	$= (10 / 3) / (5 / 1000)$
18	Adjustment - Deferred Regulatory Asset	\$ 0.13	$= (15 / 3) / (5 / 1000)$
19			
20	<b>Total Purchased Water Adjustment Charge/1,000 Gallons</b>	<b>\$ 0.53</b>	$= 17 + 18$

**Annual Rate Adjustment Mechanism**  
**Example Calculation of Wastewater Rate Adjustment Year 1**

Table 1

Line No.			Notes
1			
2	Annualized Number of Wastewater Bills	80,000	From Most Recent Annual Period
3	Change in Purchased Wastewater Expense	\$ 50,000	Updated at Filing
4	Balance in Deferred Regulatory Asset	\$ 20,000	Updated at Filing
5			
6	Adjustment - Change in Expense	\$ 0.63	= (3 / 2)
7	Adjustment - Deferred Regulatory Asset	\$ 0.25	= (4 / 2)
8			
9	<b>Total Purchased Sewer Treatment Adjustment Charge</b>	<b>\$ 0.88</b>	= 6 + 7

**Annual Rate Adjustment Mechanism**  
**Example Calculation of Over/(Under) Collection of Deferred Regulatory Asset Amortization**

Table 2

Line No.			Notes
1			
2	Prior Adjustment - Deferred Regulatory Asset	\$ 0.25	From Year 1 Calculation, Line 7
3	Annualized Number of Wastewater Bills	81,600	From Most Recent Annual Period
4			
5	<b>Realized Revenues in Year 1 of Mechanism</b>	<b>\$ 20,400</b>	= 2 * 3
6			
7	Recovery of Deferred Regulatory Asset from Prior Filing	\$ 20,000	From Year 1 Calculation, Line 4
8			
9	<b>Over/(Under) Collection Adjustment</b>	<b>\$ 400</b>	= 5 - 7

Would be Actual + Estimated for Year 1 amounts billed. Estimates replaced with actuals during review, remaining estimates based on average usage/customer for same month in prior year

**Annual Rate Adjustment Mechanism**  
**Example Calculation of Wastewater Rate Adjustment Year 2**

Table 3

Line No.			Notes
1			
2	Annualized Number of Wastewater Bills	81,600	From Year 1 Over/(Under) Calculation, Line 2
3	Change in Purchased Wastewater Expense - Current	\$ 30,000	Updated at Filing
4	Change in Purchased Wastewater Expense - Prior	\$ 50,000	From Year 1 Calculation, Line 3
5			
6	<b>Total Change in Purchased Wastewater Expense</b>	<b>\$ 80,000</b>	= 3 + 4
7			
8	Balance in Deferred Regulatory Asset - Current	\$ 10,000	Updated at Filing
9	Over/(Under) Collection Adjustment	\$ 400	From Year 1 Over/(Under) Calculation, Line 9
10			
11	<b>Adjusted Asset Balance for Over/(Under) Collection</b>	<b>\$ 9,600</b>	= 8 - 9
12			
13	Adjustment - Change in Expense	\$ 0.98	= (6 / 2)
14	Adjustment - Deferred Regulatory Asset	\$ 0.12	= (11 / 2)
15			
16	<b>Total Purchased Sewer Treatment Adjustment Charge</b>	<b>\$ 1.10</b>	= 13 + 14

To capture incremental annualized increase vs authorized in base rates + prior year